DOCUMENTS DEPARTMENT

5/S

SAN FRANCISCO
PUBLIC LIBRARY

REFERENCE
BOOK

Not to be taken from the Library

JUL - 3 2000

SAN FRANCISCO PUBLIC LIBRARY
3 1223 05465 5411

F
55
.1
/13/99
Cancelled
c.2

PORT OF SAN FRANCISCO

NOTICE OF MEETING CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, JULY 13, 1999 AT 4:00 P.M.
IS CANCELLED

THE NEXT REGULAR PORT COMMISSION MEETING
IS SCHEDULED FOR

TUESDAY, JULY 27, 1999 AT 4:00 P.M.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

Fax Copy 1st Posted 7/7/99

DOCUMENTS DEPT.

JUL 1 2 1999

SAN FRANCISCO
PUBLIC LIBRARY

07-12-99P12:04 RCVD

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

Accessible parking is provided in the small parking lots adjacent to the Ferry Building; three spaces in the north lot and two spaces in the south lot. These spaces are usually full during business hours. Due to the ongoing construction of the Mid-Embarcadero Roadway Project there are currently no curbside passenger unloading and loading areas. The area of the north parking lot adjacent to the north building entrance should be used for this purpose. Parking is available at Rincon (Spear between Mission & Howard), One Market Plaza (Spear between Market & Mission), Embarcadero Center 4 (Clay between Davis & Drumm) and 50 California Garage (Sacramento between Davis & Drumm).

There are two accessible entrances into the World Trade Center (north wing of the Ferry Building); one on the north and the main entrance on the west (Embarcadero). The west entrance is provided with two doors in series that can be operated automatically. Both entrances lead to the elevator lobby. The two elevators are accessible and lead to the third floor location of the Port of San Francisco's office, Room 3100. The ramp from the lobby to the third floor is too steep to be considered an accessible path of travel. Public restrooms and drinking fountains on the first floor of the World Trade Center (north wing of the Ferry Building) are accessible, as well as the central restrooms within the Port's office area.

Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting: (1) American Sign Language Interpreters; (2) A Sound Enhancement System; (3) The use of a reader during the meeting and (4) copies of the agenda or minutes of the meeting in alternative formats. Please contact Kevin Jensen, the Port's ADA Coordinator at (415) 274-0555. Late requests will be honored if possible. Please contact the Commission Secretary at (415) 274-0406 should you require large print of the agenda.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

San Francisco Lobbyist Ordinance

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 - 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

3 1223 05465 5411

DOCUMENTS DEPT.
JUL 2 2 1999
SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO
PORT COMMISSION

SF
P55
#1
7/27/99
SPECIAL
&
Regular

SPECIAL MEETING
3:00 P.M., TUESDAY, JULY 27, 1999
Ferry Building, Suite 3100
San Francisco, CA 94111

07-22-99P02:54 RCVD

AGENDA

1. ROLL CALL

2. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) Discussion of Executive Director's compensation.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Seawall 352
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*Specialty Crushing: Tom Chasm, President

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between Port and Specialty Crushing regarding Port property located at Seawall Lot 352.

b. Property: Port property located at 20th & Illinois Street
Person Negotiating:

2 45226 SFPL: ECONO JRS
107 SFPL 06/16/00 41

Port of San Francisco: Philip Smith, Director of Real Estate
*Dept. of Public Health: Mitchell Katz, Director

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss the memorandum of understanding between the Port and the Department of Public health regarding Port property located at 20th & Illinois Street.

c. Property: Broadway Hotel Property Seawall Lot 324, 323, 322-1
Person Negotiating: Port of San Francisco: Kirk Bennett, Waterfront Development Project Manager
*Stanford Hospitality, Inc.: Antony Carter

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to provide instructions to property negotiator regarding evaluation of proposals submitted for the Port property located at SWL 324, 323, 322-1.

d. Property: Muni Metro East Kirkland Bus Yard
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*Muni: Nancy Whelan

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between the Port and Muni regarding the Muni Metro East Kirkland Bus Yard.

e. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager Waterfront Development Projects
*AMB Property Corporation: Janice Thacher

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and AMB Property Corporation regarding Pier One.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

5. ADJOURNMENT

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.
OCT 0 8 1999
SAN FRANCISCO
PUBLIC LIBRARY

MINUTES OF THE SPECIAL MEETING
3:00 P.M., TUESDAY, JULY 27, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 3:03 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. NEW BUSINESS/PUBLIC COMMENT

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:04 p.m., the Commission Secretary announced that the Commission would withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) Discussion of Executive Director's compensation.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Seawall 352
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*Specialty Crushing: Tom Chasm, President

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both

b. Property: Port property located at 20th & Illinois Street
Person Negotiating:
Port of San Francisco: Philip Smith, Director of Real Estate
*Dept. of Public Health: Mitchell Katz, Director

c. Property: Broadway Hotel Property Seawall Lot 324, 323, 322-1
Person Negotiating: Port of San Francisco: Kirk Bennett, Waterfront Development Project Manager
*Stanford Hospitality, Inc.: Antony Carter

d. Property: Muni Metro East Kirkland Bus Yard
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*Muni: Nancy Whelan

e. Property: Pier One
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager
Waterfront Development Projects
*AMB Property Corporation: Janice Thacher

At 4:13 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:15 p.m.

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, JULY 27, 1999
Ferry Building, Suite 3100
San Francisco, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - June 29, 1999 Special Meeting
   - June 29, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

   B. Approval of naming the Ferry Building Plaza in honor of Harry Bridges, former President of ILWU and former Port Commissioner. (Resolution No. 99-55)

   C. Informational item on First-Source Hiring Plan for Port leases, development projects and construction contracts, pursuant to San Francisco Administrative Code Section 83.4.

4. **CONSENT CALENDAR**

   A. Approval of Sixth Amendment to Option to Lease Property with the Redevelopment Agency of the City & County of San Francisco extending the Term of Option to Lease the Dolph P. Rempp and Java House Parcels located along the Embarcadero between King and Berry Streets, through July 31, 2002. (Resolution No. 99-56)

5. **MARITIME**

   A. Approval of amendments to Port Tariff No. 4 regarding fish sales from commercial fishing vessels at Fisherman's Wharf Harbor. (Resolution No. 99-48)

6. **REAL ESTATE**

   A. Approval of assignment of Lease L-7494 from Cresci Brothers, Inc. to Francis Y. Chu & Jyi Jeng Hwang to operate approximately 927 square feet of retail space on Taylor Street at Fisherman's Wharf. (Resolution No. 99-60)

7. FACILITIES & OPERATIONS

A. Authorization to execute Contract Modification No. 1 for Contract No. 2655, "Maintenance Dredging at Pier 35 East, Pier II, Pier 35 West, Pier 80 Berths A, B, and C," with Dutra Dredging Company. (Resolution No. 99-57)

B. Authorization to advertise for competitive bids for Maintenance Dredging of various Port sites. (Resolution No. 99-58)

C. Authorization to reject all bids for Construction Contract No. 2656, "Hyde Street Harbor Project" and discussion of potential project alternatives. (Resolution No. 99-59)

8. PLANNING & DEVELOPMENT

A. Acceptance and expenditure of $2.0 million in capital assistance from the Federal Transit Administration (FTA) for the China Basin Ferry Terminal (Resolution No. 99-53) and $6.9 million in capital assistance from the Federal Transit Administration (FTA) for the Downtown Ferry Terminal. (Resolution No. 99-54)

Note: The China Basin Ferry Terminal project activity is within the scope of the program approved earlier, and the program EIR adequately describes the activity for the purposes of CEQA, as documented in a Memorandum/Addendum to File 96.176E dated May 5, 19999 (available in the project file at the Planning Department, 1660 Mission Street and the Port offices in the Ferry Building). The San Francisco Giants Ballpark FEIR is both a project EIR and a program EIR under CEQA Guidelines Section 15180.

B. Informational presentation and status report on various projects in the Ferry Building area.

C. Approval of resolution endorsing the Bay Area Water Transit Initiative and Transit Authority. (Resolution No. 99-52)

9. FINANCE & ADMINISTRATION

A. Approval of the Executive Director's Compensation. (Resolution No. 99-51)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

PUBLIC MEETINGS
AUGUST 1999

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	**Time**	**Group**	**Location**
Thursday, Aug. 5 *(Tentative)*	3:00 p.m.	Northeast Waterfront Advisory Group	Pier 31 Bulkhead
Tuesday, Aug. 10 *(Tentative)*	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Tuesday, Aug. 10	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Thursday, Aug. 12 *(Tentative)*	3:00 p.m.	Northeast Waterfront Advisory Group	Pier 31 Bulkhead
Tuesday, Aug. 17	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Fisherman's Wharf
Thursday, Aug. 19	3:00 p.m.	Northeast Waterfront Advisory Group	Pier 31 Bulkhead
Tuesday, Aug. 24	4:00 p.m.	Port Commission	Port Commission Room Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m. Contact Amy Quesada, Port Commission Secretary at 274-0406, to be placed on the mailing list for Commission meeting agendas.

The Southeast Waterfront Advisory Group will meet in August. Date, time and meeting place to be determined. Please contact Braj Norris at 274-0540 for more information.

The Rincon Point-South Beach CAC will meet on August 16 at 5:00 p.m. Meeting place to be determined. Please contact Amy Neches, Redevelopment Agency at 749-2450 for more information.

Port Website: Check out the Port's Website at **www.sfport.com**

Questions/Contacts

Pier 45 Advisory Group	Kirk Bennett	274-0545
Northeast Waterfront Advisory Group	Kirk Bennett	274-0545
Bryant Street Pier Advisory Group	Anne Cook	274-0483
Southern Waterfront Advisory Committee	Braj Norris	274-0540
Port of San Francisco Reception		274-0400

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 20, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: **Naming of the plaza on the City-side of the Ferry Building as Harry Bridges Plaza.**

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION NAMING THE THE FERRY BUILDING PLAZA AS HARRY BRIDGES PLAZA.

Background

The Committee for Harry Bridges Plaza is proposing that the plaza located between the north and southbound lanes of the Embarcadero Roadway on the City-side of the Ferry Building, be named Harry Bridges Plaza. This plaza is currently under construction as part of the Mid-Embarcadero Roadway Project and scheduled to be complete early next year.

The Committee is proposing that the Port and City of San Francisco recognize Harry Bridges by naming the plaza after him. Harry Bridges was an outstanding union man and labor movement organizer who contributed to the history and development of San Francisco. He is known as being one of America's great labor leaders who never wavered in his commitment to rank-and-file democratic trade unionism. Harry Bridges was consistently at the forefront of the fight for racial equality, civil liberties, and world peace. A complete description of Harry Bridges and his accomplishments, provided by the Committee for Harry Bridges plaza, is attached.

The Committee also has proposed that an appropriate monument be constructed on the plaza. The monument would be funded by local labor organizations. The location, form and character of a monument has yet to be determined. Port and City Department of Public

This Print Covers Calendar Item No. **3B**

Works staff will be working with the Committee to recommend a location and review the proposed monument design. Following initial public review of a monument it will be presented to the Port Commission for approval.

Recommendation

Approve the attached resolution naming the plaza on the east front of the Ferry Building as Harry Bridges Plaza.

Prepared by: Dan Hodapp
Project Coordinator

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-55

WHEREAS, Harry Bridges was an outstanding union man and labor movement organizer who contributed to the history and development of San Francisco; and

WHEREAS, Harry Bridges was known as being one of America's great labor leaders who never wavered in his commitment to rank-and-file democratic trade unionism and was consistently at the forefront of the fight for racial equality, civil liberties, and world peace; and

WHEREAS, 1999 is the 65th anniversary of the 1934 San Francisco General Strike, which set an example for the workers of the United States of America; and

WHEREAS, The Port Commission approved the final design for the Mid-Embarcadero Roadway on August 12, 1997 and the Roadway project is currently under construction and scheduled to be completed early in the year 2000; and

WHEREAS, A grand plaza, not yet named, is being constructed as part of the Mid-Embarcadero Roadway project located immediately west of the Ferry Building between the north and southbound lanes of the Embarcadero Roadway; and

WHEREAS, The Committee for Harry Bridges Plaza, with endorsement from the San Francisco Labor Council and urged by the San Francisco Board of Supervisors, has requested that the plaza immediately to the west of the Ferry Building be named for Harry Bridges; now, therefore be it

RESOLVED, That the Port Commission names the plaza immediately west of the Ferry Building between the north and southbound lanes of the Embarcadero Roadway as Harry Bridges Plaza and authorize the Executive Director to take all such further action as is required to implement the naming of the plaza; and be it further

RESOLVED, That the Port Commission directs staff to bring back to the Commission, in the future, proposals for a design and placement of a monument recognizing the identification of Harry Bridges Plaza.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 27, 1999.

Secretary

COMMITTEE FOR HARRY BRIDGES PLAZA

Grif Fariello, Chairman ◆ Frank McMurray, Vice Chairman ◆ Roxanne Mead, Treasurer ◆ Laurie Truitt, Coordinator ◆
Richard T. Mead, Secretary

Close to a decade after his death, Harry Bridges remains one of America's great labor leaders, one who never wavered in his commitment to rank-and-file democratic trade unionism. Throughout his life, Harry Bridges remained at the forefront of the fight for racial equality, civil liberties, and world peace.

Upon Harry's death on March 30, 1990, San Francisco Mayor Art Agnos called for an official day of mourning, declaring that Bridges "was a legendary figure in the labor movement whose courage and devotion to principles will never be forgotten. All of San Francisco mourns this loss."

The Committee for Harry Bridges Plaza pledges to ensure that Harry's courage and devotion will indeed never be forgotten.

We propose that the city of San Francisco take this opportunity to recognize this outstanding union man, as well as the labor movement that made this town the great progressive city it is today. We propose that the new plaza now under construction on the Embarcadero between the ferry building and Justin Herman Plaza be named in honor of Harry Bridges. We further propose that an appropriate monument, to be paid for and donated by the rank and file of the labor movement, be erected there to educate future generations about his many contributions.

The Committee for Harry Bridges Plaza is asking civic leaders, the labor movement, and all San Franciscans to join us in this endeavor.

The Committee for Harry Bridges Plaza

Partial List of Endorsers

Mayor Willie Brown
Sue Bierman
S.F. Board of Supervisors
Art Pulaski
California Labor Federation, AFL-CIO
Walter Johnson
S.F. Labor Council
Brian McWilliams
International President, I.L.W.U.
I.L.W.U. Local 10

I.L.W.U. Local 34
I.L.W.U. Local 91
Inland Boatmen's Union,
S. F. Region
I.L.W.U. Local 75
Whitey Disley
President, M.F.O.W.
Capt. Paul Neilson and
Capt. Ray Shipway
I.O.M.M.&P.

COMMITTEE FOR HARRY BRIDGES PLAZA
1700 NORTH POINT ST #104 • SAN FRANCISCO CA 94123 • (415) 441 6626
E MAIL: GRIROFA@IBM.NET

Why Harry Bridges?

"I was just a working stiff who happened to be around at the right time."

Throughout his life Harry Bridges was many things: seaman, longshoreman, union organizer, world-renowned labor leader; and in his later years, a San Francisco Port Commissioner and President of the California Congress of Seniors. Throughout it all, Harry never lost his passion for democracy and his commitment for a better world for all people.

Now nearly ten years after his death, it is unmistakable how large his accomplishments were, how singular his character and integrity. There is also no mistaking how strongly the spirit of Harry Bridges animates the heart and soul of San Francisco, the city he adopted as his home, and the city he loved. For it was Harry and the working men and women of 1934 who laid the foundations for the progressive politics that have made San Francisco the great city it is today.

By 1934, most West Coast laborers still worked under the "American Plan," which meant no union labor, unless that union was company controlled. Maritime workers had the worst of it. Dockworkers were selected like cattle in the humiliating ritual of the "shape-up" where thousands circled up to beg the foremen for a job. The lucky few kicked back a portion of their pay for the opportunity.

The work was dangerous and the pace deadly. Shifts often ran as long as 36 hours without rest. Those who dropped from exhaustion or heart attack (not an uncommon occurrence) or who were injured or killed on the job could easily be replaced from the pool of desperate men waiting at the pierhead. The pay averaged $10.45 a week.

Legal protections were non-existent. For centuries law and custom had regarded the maritime worker as something less than human, more a chattel slave or pack animal. As late as 1897, the Supreme Court denied maritime workers the protection of the 13th Amendment banning involuntary servitude; the court ruled that they were "deficient in that full and intelligent responsibility for their acts which is accredited to ordinary adults."

Out of these deplorable conditions grew the most democratic and volatile forces in the labor struggles of the 1930s – and also one of America's great labor leaders, Harry Renton Bridges. A native Australian, Bridges left home at fifteen for a life at sea. In 1920, he came ashore for good in San Francisco. Within 15 years he would be at the head of an insurgent labor movement that would become the International Longshoremen's and Warehousemen's Union (ILWU), a proud, progressive union that transformed the lives of workers from San Pedro to Ketchikan and over to Hawaii, and then inland to Chicago and Cleveland and as far south as New Orleans.

Harry's inspired leadership through the eighty-three days of the 1934 coastal strike and the three days of the San Francisco General Strike brought the waterfront employers to the bargaining table, winning agreements that allowed dock workers and seamen to finally work with dignity. Agreements that would last, in one form or the other, into the 21st century.

Outspoken and blunt, Harry Bridges was also rigorously honest and dedicated to the welfare of working men and women everywhere. It was qualities such as these that galvanized workers across the country. He played a key role in the formation of the Congress of Industrial Organizations (CIO), a powerful, progressive force in American labor and American life, and soon headed the Pacific District.

For more than sixty years, Harry Bridges and his union have stood as a beacon for racial justice, equality across race, creed, and gender, mutual understanding and world peace. Thanks in large part to Harry Bridges,

the ILWU was one of the first unions to be thoroughly integrated racially.

In 1938, they supported the Chinese in their wartime struggle by refusing to load scrap iron destined for Japan, and presciently claimed the iron would return as bombs against the United States. During the World War they stood all but alone in their protest against the mass arrests of Japanese-Americans.

As early as 1954, Harry publicly condemned US policy in Indo-China and predicted with startling accuracy the perils of US involvement. In 1965, the ILWU called for an end to the war in Vietnam, the first American union to do so, and demanded that the United States implement the "free elections that were called for by the Geneva Accords of 1954."

Closer to home, the ILWU has used its pension funds to construct low-rent apartments in San Francisco, an example of what the union refers to as "cooperative, affordable, integrated, working-class housing."

No such programs come without a cost. Harry and his union were marked early for destruction. Harry himself survived at least three assassination attempts, and was hounded for more than twenty years by J. Edgar Hoover and the Justice Department. In 1936 and 1939 he was classified as an "undesirable alien" and alleged to be a member of the Communist Party; both times the charges were dismissed.

In 1940 a bill passed the House specifically marking him for deportation (it died in the Senate). But he was arrested that same year, and once more in 1945, on the same tired charges of being a secret member of the Communist Party.

The Supreme Court attempted to call the campaign to a halt: "The record in this case will stand forever as a monument to man's intolerance to man," wrote Justice Frank Murphy. "Seldom if ever in the history of this nation has there been such a concentrated, relentless crusade to deport an individual simply because he dared to exercise the freedoms guaranteed to him by the Constitution." But in 1951, Bridges was jailed again for criticizing the Korean War, and in 1955 he was tried in a civil suit calling again for his deportation.

During the McCarthy Era, when most of the progressive labor unions were destroyed, the ILWU survived – not only with its membership and values intact, but under Harry's inspired leadership it had become a refuge for blacklisted workers from across the nation.

Now, a decade after his death, historians are ranking Harry Bridges with the giants of labor: Eugene Debs, Big Bill Haywood, John L. Lewis, and even, oddly enough, the conservative Samuel Gompers. And it is clear that no other man's jousts with the federal government have done more to broaden and strengthen the Constitutional rights of immigrants, political dissenters, and racial minorities.

As the historian Charles Larrowe wrote of Harry Bridges, "His life remains what it is, with the flaws and frailties to which we are all vulnerable, an ennobling example for generations to come. For he is a man who fought back against forces which, time after time, seemed overwhelming: the awesome power of a government determined to crush him; the employers and their allies bent on breaking him; the official labor movement, which tried to silence him by putting him beyond the pale." And through it all, Harry Bridges never wavered. He remained true to the interests of ordinary working citizens. He accomplished great things for San Francisco, for California, and our nation. He fought all his life so that others could live with dignity and pride, and for that alone he deserves to be honored by any city, but especially San Francisco, the city that was his home. ◂

Why The Ferry Building Plaza?

The Ferry Building is the heart of the Embarcadero, the jewel of transportation for San Francisco, old and new. It is the symbol of San Francisco's maritime world, the world of longshoremen, teamsters, and seamen. And that is where the flavor and character of San Francisco was born – along with the worker's movement that did so much to make this city the grand town it is. This centrality is amply demonstrated by the pylons and plaques of the Embarcadero History Project that stretch north and south of the building.

Those pylons and plaques do a fine job of capturing the flavor of the old waterfront, the Barbary Coast, and the plight of the maritime workers. But unfortunately, they do not include the role of organized labor in the life of the waterfront and how it was the unions that brought those notorious abuses to an end. In fact, Harry Bridges, who played a crucial role in this history, is not even mentioned, and the sole reference to the nationally important and historic strike of 1934 is one small paragraph at the bottom of a pylon that celebrates Matson Line's Hawaiian cruises.

Harry Bridges and the workers he led are forever tied to the history of the Ferry Building. For it was there where the demeaning "shape-ups" took place. And it was at the Ferry Building where many a rally began to protest the conditions the workers suffered under. And it is only a stone's throw away, at the corner of Steuart and Mission, where the headquarters and the strike kitchen of the International Longshoremen's Association once stood, and where at the noon hour of July 5, 1934, thirty-three striking workers were gunned down with two killed and forty-three others gassed or clubbed.

And it was from the Ferry Building where the funeral procession for the two slain men, Howard Sperry and Nick Bordoise, gathered and proceeded down Market Street. This cortege, estimated to include from 15 to 25,000 mourners, filled the entire distance from the Ferry Building to Dugan's Funeral Home at 17th and Valencia, forming a procession five miles long. Along Market thousands more stood in respectful silence. It was, as historian Kevin Starr put it, "the largest and most impressive labor march in San Francisco history." It placed the ordinary citizens of San Francisco firmly behind the beleaguered unions and insured the success of the general strike to follow.

The Ferry Building was also where the historic contracts were signed, allowing waterfront workers along the entire West Coast to live and work with dignity. No location could be more appropriate to honor Harry Bridges and his life's work ◂

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 19, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational item on First Source Hiring Plan for Port leases, development projects and construction contracts, pursuant to San Francisco Administrative Code Section 83.7.

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED. ITEM WILL BE CALENDARED FOR REVIEW AND ADOPTION IN AUGUST.

BACKGROUND ON FIRST SOURCE HIRING ORDINANCE

On August 21, 1998, the First Source Hiring Ordinance (NO. 264-98), passed by the City and County of San Francisco Board of Supervisors and approved by the Mayor, became effective.

The First Source Hiring Program is a cooperative effort between businesses, the job training community and the City to ensure that qualified economically disadvantaged people have the first opportunity to apply and be considered for entry level jobs in City funded or sponsored contracts. This initiative is part of our City's response to providing opportunities to transition individuals from welfare to work and/or other individuals involved in job training programs. Entry level jobs are defined as non-managerial positions that require no education above a high school diploma or certified equivalency or less than two years of training or specific preparation.

IMPLEMENTATION

All City departments are required to submit a First Source Hiring Implementation and Monitoring Plan ("FSHA Plan") to apply the Ordinance to their specific contracts. Port staff has been working closely with the First Source Hiring Administration (FSHA), the City entity designated to administer and monitor the Ordinance, to develop the Port's FSHA Plan. A copy of the Port's FSHA Plan is attached for review.

The FSHA program is administered by the Department of Human Services. The FSHA's governing body is currently made up of representatives from the Department of Human Services, Mayor's Office of Community Development, City College, and the Private Industry Council.

THIS PRINT COVERS CALENDAR ITEM NO. 3C

In preparing the FSHA Plan, Port staff tried to make the FSHA Ordinance requirements simple and "user friendly" for our staff, tenants and contractors. The FSHA Plan is a guide for each of the Port's divisions to refer to as they administer contracts and leases.

SUMMARY OF FSHA PLAN

The Port's FSHA Plan will apply to: 1) real estate and maritime leases for a term of over 29 days; 2) development projects; 3) construction contracts for over $350,000; and 4) building permits over 50,000 square feet involving new construction, addition or alteration, resulting in the expansion of entry level jobs. Collective bargaining agreements were exempted in the FSHA Ordinance.

For Port development projects, the Ordinance applies to the developer, tenant, subtenants, contractors and subcontractors. The first major development project subject to the Ordinance is the Pier 1 Lease.

Port staff has carefully reviewed its leases and contracts to determine which type of contracts produce entry level jobs and are consistent with the objectives of the Ordinance. In some instances, application of the Ordinance will create administrative work without yielding optimal job benefits.

The following exemptions from the Ordinance are proposed in the Port's FSHA Plan: 1) storage leases where there are no entry level employees operating on a regular basis; 2) businesses with less than ten permanent employees; 3) street use building permits where there is no commercial activity; and 4) construction contracts where the State and/or Federal agency disapproves application of this Ordinance to the project.

In the second phase of the program (a date yet to be determined by FSHA), the program will also apply to professional services contracts for over $200,000 and building permits over 25,000 square feet resulting in the expansion of entry level jobs.

A. ***Employer's Responsibilities***

1) **Notification:** Employers must notify the City of all entry level jobs on their Port leased premises or work site, by filling out the Employer Projection of Entry Level Positions form (Job Survey Form) and submitting a copy to the FSHA and the Port. The notification requirement does apply to jobs subject to collective bargaining.

   During the lease and/or contract, Employers are required to list all available entry level positions with the San Francisco Workforce Development System by calling **CalJOBS.** Job referral agencies in the City's network will pick up job notices from the **CalJOBS** hotline and match applicants with the available entry level jobs. Employers must consider First Source referrals for a window of 10 days before advertising jobs publicly.

2) **Give City's Job Referral System the First Opportunity to Fill and Retain Entry Level Jobs from its Job Pool**

   A Good Faith Effort must be made to consider and fill and retain entry level positions with qualified candidates referred from the System. The First Source Hiring Ordinance does not mandate hiring. However, a specific hiring goal is currently under discussion by the FSHA at a citywide level.

   Staff recommends setting an objective standard for filling entry level positions by creating a presumption of good faith when a tenant and/or contractor fills 50% of entry level positions from the FSHA. If the

50% level is not reached, the FSHA can intervene and work with the tenant and/or contractor to correct any problems or pursue remedies as provided in the Ordinance.

The Ordinance specifies remedies the City can take for non-compliance with the Ordinance, after other remedies are exhausted, including liquidated damages in the amount of $2,070 for each Entry Level position improperly withheld from the First Source Hiring Program.

B. ***City's Responsibility***

To refer qualified job applicants through the FSHA System to employers within ten days.

IMPLEMENTATION PROCESS

A. ***October 1, 1998- Present***

As of October 1, 1998, placeholder language was inserted into all Port leases, construction contracts, and development agreements requiring tenants, developers, and contractors to comply with the Ordinance.

The group of real estate and maritime tenants who executed leases between October 1, 1998 and March 31, 1999 were sent Job Survey Forms and information packets on the First Source Hiring Program. The FSHA sent instruction letters to tenants and worked with them to fulfill their obligations. The response from the Job Survey Forms (copy attached) indicates that out of the 32 tenants, who were sent forms, a total of 127 entry level jobs were produced. Fifty percent of these 127 entry level jobs were subject to collective bargaining agreements.

B. ***Adoption of Port's FSHA Plan***

The Port Commission is being presented with a draft of the FSHA Plan for review and to solicit further comments from the public, tenants, and contractors. The FSHA Plan has been distributed to appropriate managers and staff for comment and questions. Training sessions have taken place at staff meetings. Comments and necessary changes will be incorporated for presentation and final approval of the Port Commission at its August 10, 1999 meeting. Upon adoption by the Port Commission, staff will transmit the Plan to the FSHA and, after approval by the FSHA, will begin applying its requirements.

Prepared by: Veronica Sanchez, Manager, Governmental Affairs Office and
Imani Haygood, Assistant, Governmental Affairs Office

First Source Hiring Implementation and Monitoring Plan

PORT OF SAN FRANCISCO
July 21, 1999

I. **The Port of San Francisco agrees to comply with the First Source Hiring Ordinance from Chapter 83 of San Francisco Administrative Code ("Ordinance") as set forth in this Implementation and Monitoring Plan.**

II. **Definitions**. For purposes of this Plan, initially capitalized terms shall be defined as follows (see Section 83.4 of the Administrative Code):

A. **Commercial Activity**: shall include office, restaurant, retail, parking, maritime/industrial uses that generate revenue from the tenant and the Port.
B. **Contractor**: shall mean an entity that has entered into a Contract or Property Contract with the Port.
C. **Developer**: shall mean an entity that has the right under the San Francisco Planning Code, San Francisco Building Code, or the regulations of the Port of San Francisco to make an application for approval of a Commercial Activity.
D. **Development Project**: shall mean a Commercial Activity which requires a Permit.
E. **Employer**: shall mean Contractor, subcontractor, partner, agent or employee of Contractor, or a combination thereof engaged in Commercial Activities of the Contract, who is subject to the requirements of Chapter 83 of the San Francisco Administrative Code.
F. **Entry Level Position**: shall mean either an apprentice level position, or a non-managerial position that requires either no education above a high school diploma or certified equivalency or less than two years of training or specific preparation.
G. **FSHA**: First Source Hiring Administration, the body designated to administer and monitor the San Francisco Workforce Development System as set forth in Section 83.6 of the San Francisco Administrative Code. The First Source Hiring Administration is currently made up of representatives from the Department of Human Services, Mayor's Office of Community Development, City College, Private Industry Council, and Redevelopment Agency.
H. **Good Faith Effort**: shall mean aggressively engaging individuals in the interviewing process.
I. **System**: shall mean the San Francisco Workforce Development System established by the City and managed by the FSHA for maintaining (1) a pool of Qualified Individuals, and (2) the mechanism by which such individuals are certified and referred to prospective Employers covered by the First Source Hiring Program.

Any other initially capitalized term shall be as defined herein in the Ordinance.

III. **Application of the First Source Hiring Ordinance** (Sections 83.1-83.18 of the San Francisco Administrative Code)

A. **The First Source Hiring Ordinance shall apply to the following types of agreements**:

1. Real Estate and Maritime Leases (Section 83.4 of the Administrative Code): All Property Contracts "including leases, concessions, franchises and easements, between the City and a private party for the exclusive use of real property, owned or controlled by the City, for a term exceeding 29 days in any calendar year (whether by a singular instrument or by cumulative instruments) for the operation or use of such real property, for the operation of a business establishment, that creates Entry Level positions," signed after the effective date of the Ordinance, August 21, 1998, where employees are not subject to collective bargaining agreements.
2. Development Agreements (Section 83.11 of the Administrative Code): Development projects that involve new construction, addition or alteration resulting in the expansion of Entry Level jobs for a Commercial Activity.
3. Construction Contracts (Section 83.4 of the Administrative Code) – A contract where construction is paid for out of Port-controlled money, and the construction is over $350,000.
4. Building Permits (Section 83.4 of the Administrative Code) - In Phase I, any building permit application for over 50,000 sq. ft.; and in Phase II, any building permit application for over 25,000 sq. ft., involving new construction, an addition, or alteration that results in the expansion of Entry Level position for a Commercial Activity.
5. Professional Services Contracts - In Phase II, contracts for good or services in excess of $200,000.

B. **First Source is not applicable in the following cases**:

1. Storage - where property is being used for storage, and there are no Entry Level employees operating on a regular basis.
2. Small Businesses- where there are less than ten permanent employees.
3. Street Use Building Permits- where permit being pulled is not going to result in Commercial Activity or creation of Entry Level jobs.
4. Construction Projects Funded with Federal and State Grants- First Source Hiring will be subject to the approval of federal and state regulations governing the grant.
5. Collective Bargaining Agreements
    a. Taken from Section 83.15, "…If a First Source Hiring Agreement conflicts with an existing collective bargaining agreement to which an Employer is a party, the collective bargaining agreement shall prevail. However, the Employer will be obligated to provide workforce needs information to the San Francisco Workforce Development System and the Employer will be obligated to make good faith efforts to comply

with the requirements of its First Source Hiring Agreement that do not conflict with the collective bargaining agreement."

b. Where Employers are subject to collective bargaining, the First Source Hiring Administrator will collaborate with labor unions to establish an agreement.

IV. Employers' Responsibilities

A. Commencement of Contract and/or Lease

1. Employers must give notice of available Entry Level jobs to the City and County of San Francisco (CCSF).
2. Employers have a good faith responsibility to hire qualified candidates from the pool of applicants that have been referred from the System.
    a. Presumption of Good Faith is established when tenant hires 50% of Entry Level positions from FSHA system referrals.
    b. Failure to meet this goal may trigger a review of the employer's hiring process by FSHA.

B. During the Lease and/or Contract

1. When an Employer has an Entry Level job opening, he/she must notify the System by calling (415) 749-7500(CalJOBS) to list the job description and job specifications.
2. Good Faith Hiring requirement- During the life of the lease and/or contract, FSHA will have the ability to review an employer's hiring process to insure that a Good Faith Effort is being demonstrated.

V. Process for Implementation

A. Between October 1, 1998 and August 9, 1999, language requiring the tenant to comply with the Ordinance was inserted into all leases (*See Exhibit A (1)*), requests for proposals for Development Agreements (*See Exhibit A (2)*) and construction contracts (*See Exhibit A (3)*).

As of August 10, 1999, more detailed language will be included in all leases. *See Exhibit A (4)*.

B. The San Francisco Port Commission adopted the FSHA Hiring and Implementation Plan at its regular meeting on August 10, 1999.

C. Copies of the Port's FSHA Hiring and Implementation Plan will be distributed to Port Managers with all appropriate instructions and forms to be given to tenants and contractors.

D. Training sessions will be provided at Port staff meetings.

E. REAL ESTATE/MARITIME DIVISIONS

1. Port Staff sent out "Employer Projection of Entry Level Jobs" forms (hereinafter referred to as *"**Job Survey Form**")* to all tenants who executed leases within this time frame. After March 31, 1999, individual managers distributed the ***Job Survey Form*** to new tenants.

2. **Responsibilities of Port Staff**:
   a. Provide tenant with copy of "***Job Survey Form***."
   b. Provide and review with tenant Instruction Sheet for Completing ***Job Survey Form***. *See Exhibit B.*
   c. Instruct tenant to submit the ***Job Survey Form*** by fax to 1) the First Source Hiring Administration (554-5018) 2) Office of Governmental Affairs, (274-0412) no more than 30 days after the execution of the lease by tenant and the Port.
   d. The Office of Governmental Affairs will make a copy of the Job Survey Form for the Lease File.
   e. The Office of Governmental Affairs will work with the Real Estate/Maritime Division in monitoring new leases and return of ***Job Survey Form***. If the tenant has not returned the ***Job Survey Form*** within the required time, property managers will be asked to contact the tenant.

F. ENGINEERING DIVISION

1. The ***Job Survey Form*** will be included in pertinent bid specifications as Document 00457.
2. Building Permits-
   a. As part of a lease amendment, the property manager is responsible for giving the tenant the ***Job Survey Form***.
   b. When the permit does not involve a modification to a lease or a Development Agreement, the Employer will return the ***Job Survey Form*** no later than 15 calendar days after the permit has been approved.
3. Instruct Contractor to submit the ***Job Survey Form*** by fax to 1) the First Source Hiring Administration (554-5018) 2) Office of Governmental Affairs, (274-0412) no more than 15 calendar days after the execution of the Notice to Proceed by Contractor and the Port.
4. If the ***Job Survey Form*** is not turned in, Contractor's first payment will be withheld in the amount of liquidated damages assessed.

G. PLANNING & DEVELOPMENT DIVISION

1. Port staff will insert language in Request for Proposals and work with the Developer to draft a ***First Source Hiring Agreement*** that meets the minimum objective of developing Entry Level jobs and is appropriate for

the specific type of development. This Agreement will be a part of the development agreements/lease documents.

2. The Port will transmit a copy of the executed agreement to FSHA. This applies to all contractors, subcontractors, and is the responsibility of the Developer. The Developer will take the responsibility of ensuring that its contractors complete the ***Job Survey Form***.
3. The Port will work with the Developer to create a reasonable deadline for returning the ***Job Survey Form*** so as to maximize the number of Entry Level Positions.

H. The Office of Governmental Affairs will retain a copy of all job survey forms received from Employers, tenants, owners, Developers, Contractors, Subcontractors and building permit applicants to assess the department's overall compliance.

I. The Office of Governmental Affairs will compile a quarterly report to assess the number of Entry Level jobs produced by Port leases, Development Projects, and construction contracts in Quarterly Performance Reports.

J. Upon receipt of the completed Job Survey Forms, the System is responsible for providing Employers with a letter from the First Source Hiring Administration, giving detailed instructions about how to list Entry Level jobs with CCSF as these positions become available.

K. The Employer is required to report Entry Level jobs at the initial stage of commercial development and throughout the contract or lease as new Entry Level positions are developed.

VI. Hiring and Retention Goals

A. Employers are required to make a Good Faith Effort towards filling available Entry Level positions with referrals from the System. A specific hiring goal is currently under discussion.

B. Employer will submit job survey forms by fax to FSHA and the Port's Assistant for the Office of Governmental Affairs.

C. Presumption of Good Faith is established when and Employer hires 50% of Entry Level positions from FSHA system referrals.

D. Specific retention goals are currently under discussion with the First Source Hiring Administration.

VII. Non-Compliance

A. The FSHA will work directly with Contractor/Employer to answer questions regarding the implementation of the First Source program. The Port will work with the Contractor/Employer on all contract compliance matters. If the First Source Hiring Administrator determines that the Contractor/Employer is not in compliance with the First Source program, this information will be reported to the Port contract manager. The FSHA will tell the Port why the Contractor/Employer is in breach and develop a corrective action. The Port will take any steps necessary for enforcement as provided in the ordinance. The Port will determine whether or not the Contractor/Employer is in breach, and will work with the First Source Hiring Administrator to develop a corrective action plan.

B. If an Employer fails to comply, the City is entitled to the remedies set forth in Sections 83.10 and 83.12 of the San Francisco Administrative Code, which includes the assessment of liquidated damages.

I:\\...\First Source\First Source Hiring Implementation and Monitoring Plan.doc

EXHBIT A(1)

TEXT OF LEASE LANGUAGE FOR LEASES EXECUTED AUGUST 1, 1998 TO AUGUST 9, 1999

The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within 30 days after the Port Commission adopts a First Source Hiring Implementation and Monitoring Plan ("Port Plan") in accordance with the First Source Hiring Ordinance, [Tenant][Licensee] shall enter into a First Source Hiring Agreement meeting applicable requirements of the First Source Hiring Ordinance. [Tenant][Licensee] acknowledges receiving and reviewing the First Source Hiring Ordinance (attached hereto as Exhibit ____).

EXHIBIT A (2)

DEVELOPMENT AGREEMENT LANGUAGE

SECTION 40. FIRST SOURCE HIRING PROGRAM

40.1 First Source Hiring Ordinance.

Tenant shall comply with the First Source Hiring Agreement attached hereto as Exhibit G with respect to the operation and leasing of the Premises, and shall include such applicable provisions in its Subleases in accordance with the First Source Hiring Agreement.

DOCUMENT 00820

FIRST SOURCE PROGRAM REQUIREMENTS

1.1 SUMMARY

A. If Contractor's Total Bid Price and Alternates selected by the City prior to the date of award of the Contract exceeds three hundred fifty thousand dollars ($350,000), Contractor and its Subcontractors are required to comply with San Francisco Administrative Code chapter 83 and to participate in the City's First Source Hiring Program as set forth in this Document.

1.2 DEFINITIONS

A. For purposes of this Document initially capitalized terms are defined as follows:
   1. Economically Disadvantaged Individual: An individual who is either (a) eligible for services under the Job Training Partnership Act, 29 U.S.C. section 1503, as determined by the San Francisco Private Industry Council; or (b) designated as "economically disadvantaged" by the FSHA, as an individual who is at risk of relying upon, or returning to, public assistance.
   2. Employer: Contractor, Subcontractor, partner, agent or employee of Contractor, or a combination thereof engaged in commercial activities of the Contract, who is subject to the requirements of chapter 83 of the San Francisco Administrative Code.
   3. Entry-Level Position: A non-managerial position that requires either (a) no education above a high school diploma or certified equivalency, or (b) less than 2 years of training or specific preparation, and shall include temporary and permanent jobs.
   4. FSHA: First Source Hiring Administration, the body designated to administer and monitor the San Francisco Workforce Development System as set forth in section 83.6 of the San Francisco Administrative Code.
   5. Good Faith Efforts: Employment opportunity outreach efforts aggressively engaged in by Employer including the development of recruitment, interview, hiring and Retention plans in collaboration with the System.
   6. Job Classification: Categorization of employment opportunity or position by craft, occupational title, skills and experience required, if any.
   7. Qualified: An Economically Disadvantaged Individual who meets the minimum bona fide occupational qualifications provided by Employer to the San Francisco Workforce Development System in the job availability notices required by chapter 83 of the San Francisco Administrative Code.
   8. Publicize: Advertise or post, available employment information including participation in job fairs or other forums.
   9. Retention: When used in this Document, Retention shall be construed to apply to the Entry-Level Positions or apprentice positions, not to any particular individual.
   10. Subcontractor: A person or entity who has a direct contract with Contractor to perform a portion of the Work at the Site under the Contract Documents.
   11. System: The San Francisco Workforce Development System established by the City and County of San Francisco, and managed by FSHA, for maintaining (1) a pool of Qualified individuals, and (2) the mechanism by which such individuals are certified and referred to prospective Employers covered by the First Source

Hiring requirements under chapter 83 of the San Francisco Administrative Code.

1.3 REFERENCES

A. The provisions of chapter 83 of the San Francisco Administrative Code are hereby incorporated in this Document by reference and made a part of this Contract as though fully set forth herein.

1.4 ECONOMICALLY DISADVANTAGED INDIVIDUAL HIRING GOAL

A. Contractor agrees to make Good Faith Efforts to fill as many of the Entry-Level Positions or apprentice positions as possible through referrals from the System.

1.5 REFERRAL

A. In the performance of this Contract, Contractor shall notify the System of all projected Entry-Level Positions, as defined in Article 1.2, and apprentice positions and the approximate dates such Entry-Level Positions or apprentice positions will become available (refer to Document 00458).

B. Contractor shall notify the System of all vacancies for existing and new positions for Work under this Contract and shall offer the City's Workforce Development System the first opportunity to provide Qualified Economically Disadvantaged Individuals for employment in such existing or new positions. Contractor shall not Publicize or otherwise post such vacancies except as specified in Paragraph 1.5E.

C. Contractor agrees to notify and offer the System the first opportunity to provide Qualified Economically Disadvantaged Individuals for employment consideration in Entry-Level Positions or apprentice positions, subject to any enforceable collective bargaining agreement. Employers shall consider all applications of Qualified Economically Disadvantaged Individuals referred by the System for employment. Provided Employer utilizes nondiscriminatory screening criteria, Employer shall have the sole discretion to interview and hire individuals referred or certified by the System as being Qualified Economically Disadvantaged Individuals.

D. Contractor shall determine how many, if any, of the Entry-Level Positions or apprentice positions are to be employed by its Subcontractor(s), provided however, that Contractor shall be held primarily responsible for meeting the requirements imposed under this Document.

E. Contractor shall not Publicize Entry-Level Position or apprentice position openings for 10 calendar days after providing notice of said positions to the System by calling (415) 749-7500. During this period, Employer may only Publicize the availability of Entry-Level Positions or apprentice positions in accordance with the requirements of this Document.

F. Nothing in this Document precludes Contractor from using temporary or reassigned existing employees to perform essential functions of its operation; provided however, Contractor's obligations under this Document to make Good Faith Efforts to fill such vacancies permanently with System referrals shall remain in effect. For these purposes,

"essential functions" means those functions absolutely necessary to open for business or to provide for health and life safety services.

G. Nothing in this Document shall be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent decrees, collective bargaining agreements, or existing employment contracts. In the case of collective bargaining agreements, the FSHA will take the primary responsibility for integrating the requirements of this First Source Program with any such collective bargaining agreements.

H. Nothing in this Document shall be interpreted to prohibit the adoption of hiring and retention goals, first source-type hiring and interviewing requirements, notice and job availability requirements, monitoring, record keeping, and enforcement requirements and procedures which exceed the requirements of this Document.

1.6 COMPLIANCE

A. The obligations of the System are as follows:
   1. receive Contractor/Employer job notification and job orders, and immediately initiate recruitment and prescreening activities;
   2. recruit Qualified Economically Disadvantaged Individuals to create a pool of applicants who match Employer job specifications and, to the extent appropriate, train applicants for jobs that will become available through the First Source Program;
   3. screen and refer applicants according to qualifications and specific selection criteria submitted by Employers;
   4. provide funding for City-sponsored pre-employment, employment training, and support service programs;
   5. follow-up with Employers on outcome of applicants referred for employment and initiate corrective action as necessary to maintain an effective employment/training delivery system;
   6. provide Employer with reporting forms for monitoring the requirements of this Document; and
   7. monitor the performance of the First Source Program requirements by examination of Employer certified records submitted upon request by the City.

B. The obligations of Contractor under this Document are as follows:
   1. Provide the System with all of the following information:
      a. Projected job openings for Entry-Level Positions and apprentice positions during the performance of said Contract of Contractor and all Subcontractors. Describe such job openings by Job Classification, weekly hours required, wages paid, and duration of employment.
      b. Timely notification of Entry-Level Positions or apprentice positions as they become available.
      c. Identification of specific job qualifications, if any (e.g. driver's license).
      d. Identification of English language proficiency requirements or absence thereof.
      e. Notification of projected hiring schedule and procedures for each Job Classification, including the time and place of hiring for each craft.
   2. Maintain accurate records demonstrating Contractor's compliance with the First Source Hiring requirements of chapter 83 of the San Francisco Administrative Code including, but not limited to, the following:
      a. Log of dates and times of notices and referrals to the System.

  - b. Current workforce composition.
  - c. Applicants.
  - d. Job offers.
  - e. Hires.
  - f. Rejections.
  - g. Pending applications.
  - h. Promotions and demotions.
  - i. Employees working, on average, less than 35 hours per week.
3. Submit completed reporting forms based on Contractor's records to the FSHA quarterly, unless more frequent submittals are required by the FSHA. In this regard, Contractor agrees that if a significant number of positions are to be filled during a given period or other circumstances warrant, the FSHA may require daily, weekly or monthly reports containing all or some of the above information.
4. Upon request by the FSHA, Contractor shall demonstrate that it has exercised Good Faith Efforts to fulfill its obligations as set forth above.

C. The City is entitled to the remedies set forth in section 83.10 of the San Francisco Administrative Code if Contractor or its Subcontractors fail to comply with the requirements set forth in this Document.

D. Contractor understands that failure to comply with these provisions may result in the imposition of liquidated damages in the amount of two-thousand-seventy dollars ($2,070) for every new hire for each Entry-Level Position or apprentice position improperly withheld from the First Source Hiring Program. Additionally, Contractor may be subject to sanctions and penalties enumerated in sections 6.52, 6.58, and 6.60 San Francisco Administrative Code.

END OF DOCUMENT

EXHIBIT A (4) LANGUAGE FOR LEASE CLAUSE - AUGUST 10, 1999

First Source Hiring Ordinance

The City has adopted a First Source Hiring Ordinance (San Francisco Administrative Code § 83.1 et. seq.) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Pursuant to § 83.7(b) of the First Source Hiring Ordinance, the Port Commission has adopted a First Source Hiring Implementation and Monitoring Plan ("Port Plan") subject to approval by the First Source Hiring Administration. [Tenant][Licensee] acknowledges receiving and reviewing the First Source Hiring Ordinance. Under Section 83.9(d) of the First Source Hiring Ordinance, compliance by an employer with the Port Plan is deemed to be compliance with the provisions of the First Source Hiring Ordinance.

Based on the foregoing TENANT agrees to comply with the Port Plan through compliance with all of the following measures:

(a) TENANT shall notify the City and County of San Francisco's Workforce Development System, Department of Human Services of all projected Entry Level Positions and the approximate date such positions will be available, by using the ***Job Survey form*** provided by the Port of San Francisco. The Port will also provide the TENANT with a detailed instruction sheet summarizing the procedure for the commencement of the lease. TENANT shall return the Job Survey Form to the Port within 30 days after execution of the lease by the Port and tenant.

For purposes of this Agreement the terms "Entry Level Position," "San Francisco Workforce Development System," "Qualified Economically Disadvantaged Individual," and "First Source Hiring Agreement" shall have the meaning provided in Section 83.4 of the San Francisco Administrative Code.

(b) TENANT shall notify the San Francisco Workforce Development System of all vacancies for existing or new Entry Level Positions on the premise, during the lease term, and shall offer the San Francisco Workforce Development System the first opportunity to provide Qualified Economically Disadvantaged Individuals for employment in these positions.

(c) TENANT shall not publicize or otherwise post such vacancies until the San Francisco Workforce Development System refers Qualified Economically Disadvantaged Individuals for employment in these positions or notifies TENANT that no Qualified Economically Disadvantaged Individuals are available for the particular vacancies. The San Francisco Workforce Development System shall respond to TENANT within ten (10) business days. After 10 business days, if the San Francisco Workforce Development System does not refer applicants, TENANT can advertise and fill Entry Level Positions outside of the City referral system.

(d) TENANT shall interview qualified applicants and use good faith in hiring applicants. TENANT shall maintain good records of recruitment and hiring process, and shall permit Port or City to audit such records upon request.

Pursuant to Section 83.10 of the Ordinance, if upon administrative review, it is determined that Entry Level positions were not made available to the San Francisco Workforce Development System for referral of Qualified Economically Disadvantaged Individuals, and the Employer does not remedy the violations, that Employer shall be assessed a penalty in the amount of $2,070 for every new hire for an Entry Level Position improperly withheld from the First Source Hiring process.

PORT OF SAN FRANCISCO

EMPLOYER'S PROJECTION OF ENTRY LEVEL POSITIONS

Employer will use this form to indicate:

(1) For a Tenant/Subtenant, the number of **Entry Level Positions** in their company that are currently filled and those that are currently available on premises leased by the Port of San Francisco, and if the position(s) is (are) subject to collective bargaining agreement(s).
(2) For the successful Developer, Contractor, or Subcontractor, **Entry Level Positions** that are currently filled and those that will be available during construction work at a Port facility and/or project.

Note: If an **Entry Level Position** becomes available during the term of the lease and/or contract, Employer must notify the First Source Hiring Administration by calling 749-7500 (CalJOBS) to list the job title and specifications.

Entry Level Position means a non-managerial position that requires either no education above a high school diploma or certified equivalency, or less that two years of training or specific preparation.

Type of Employer (check one): Tenant___ Subtenant___

Developer___ Contractor___ Subcontractor___

Identify Premises or Construction Project ____________________

Name of Employer ____________________

Contact Person ____________________

Street Address ____________________

City ____________ State ________ Zip ________

Telephone ( )____________ Fax ( )____________ E-Mail____________

____________________ Signature

____________________ Date

Position Title	Number of Entry Level Positions	Number Currently Filled?	Number Currently Available?	Estimated Start Date	Subject to Collective Bargaining? Y/N

Department Name: **PORT** Department Contact: **IMANI HAYGOOD** Ph # : **274-0417**

Please FAX this form to: 1) First Source Hiring Administrator, 554-6018 and to
2) Imani Haygood, Port of San Francisco, 274-0412.

Revised 7/8/99

EXHIBIT B –INFORMATIONAL SHEET

PORT OF SAN FRANCISCO

First Source Hiring Program Instruction Sheet

The First Source Hiring Program, enacted by the City and County of San Francisco in 1998, is designed to provide businesses with access to a pool of qualified applicants from job training and job transitioning programs to fill entry level job openings. Under the Ordinance you must give the City and County of San Francisco the first opportunity to refer qualified economically disadvantaged individuals for these entry level jobs.

- The First Source Hiring Ordinance applies to Leases over 29 days, Development Agreements, Construction Contracts for over $350,000, Professional Services Contracts for over $200,000 in Phase 2 and Building Permits where there is commercial activity of over 50,000 square feet in Phase 1, over 25,000 square feet in Phase 2, all executed after August 21, 1998.

It is **not applicable** in the following cases: where property is being used for storage, where there are less than ten permanent employees, where entry level jobs are subject to collective bargaining agreements, and for street use building permits. When construction projects are funded with federal/state grants, please check with state or federal agency for approval of First Source Hiring.

TENANTS', CONTRACTORS' AND/OR DEVELOPERS' RESPONSIBILITIES

At the commencement of Contract and/or Lease

- **Fill out the Employer Projection of Entry Level Positions form** *(Job Survey Form)* indicating the number of entry level positions located on your Port leased premises. Fax this form to the First Source Hiring Administration (FSHA) [Fax # (415) 554-6018] with a copy to the Port [Fax # (415) 274-0412].

During the Contract and/or Lease

- **List all available entry-level positions** during the term of your lease and/or contract with the Port.

- **Notify the System when you have an Entry Level job opening** by calling (415) 749-7500(CalJOBS) to list the job description and job specifications.

- **Consider First Source referrals** for a window of **10 days** before advertising jobs publicly.

Good Faith Hiring Requirement

- You have a good faith responsibility to consider qualified candidates from the pool of applicants that have been referred from the System.

- Presumption of Good Faith is established when Employer hires 50% of entry level positions from FSHA system referrals.

- Failure to meet this goal may trigger a review of your hiring process by FSHA.

Non-Compliance

- If based on complaint, failure to report, or other cause, the FSHA has reason to question your good faith effort, you may be asked to demonstrate to the reasonable satisfaction of the City that you have exercised good faith in its First Source Hiring under the ordinance.

- Employer will submit job survey forms by fax to FSHA and the Port's Assistant for the Office of Governmental Affairs.

- Failure to comply will result in the assessment of liquidated damages.

CITY'S RESPONSIBILITY

- To provide tenants with referrals of qualified applicants within 10 days.

I:\\...\first source\ instruction sheet.doc
7/21/1999

FIRST SOURCE HIRING PROGRAM UPDATE

Real Estate & Maritime Leases
Entry Level Job Responses

Type of Service	Leases	Tenants Responding (as of 7/1/99)	Entry Level Jobs	Collective Bargaining
OFFICES	15	12	5	Yes
FISH PROCESSING	2	1	8	
PARKING	3	3	6	Yes
STORAGE	5	3	11	
FERRY/ EXCURSIONS	1	1	3	
OTHER	1	0		
INDUSTRIAL	3	3	3	
MARITIME TERMINAL	1	1	36	Yes
SHIP REPAIR	1	1	55	Yes
TOTAL	**32**	**25**	**127**	

07/21/99

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Sixth Amendment to Option to Lease Property with the Redevelopment Agency of the City and County of San Francisco Extending the Term of Option to Lease the Dolph P. Rempp and Java House Parcels located along the Embarcadero between King and Berry Streets, through July 31, 2002.

DIRECTOR'S RECOMMENDATION: APPROVE SIXTH AMENDMENT TO OPTION TO LEASE PROPERTY

BACKGROUND

The Port Commission ("Port") leases ten parcels of real property to the San Francisco Redevelopment Agency ("Agency") pursuant to an Option to Lease Real Property, numbered O-10898, dated September 26, 1984. The parcels, located in the South Beach area along the Embarcadero, are more particularly shown in Exhibit A attached hereto.

The Agency has exercised the Option to Lease on a number of occasions with respect to individual parcels, most recently for those portions of Parcels M-1 and M-2 located at Seawall Lots 336 and 335 respectively that were not required for the ballpark. To date, the Agency has leased all of the parcels subject to the Option except the Parcels within N-2 that are subject to the Port leases for the Java House and the Sailing Ship Dolph Rempp. Those parcels are subject to the South Beach/Rincon Redevelopment. The Agency would like to lease these to develop additional parking for the marina.

The Option is scheduled to expire on July 31, 1999. The Agency desires to extend the term of the Option to allow it to take down the Java/Rempp parcels when it is ready to commence construction. The proposed Amendment extends the termination date of the Option Agreement through July 31, 2002, as to the Java House/Dolph Rempp Parcels only. A copy of the proposed Amendment is attached hereto.

Prepared by: Mark W. Lozovoy, Senior Property Manager

THIS PRINT COVERS CALENDAR ITEM NO. 4A

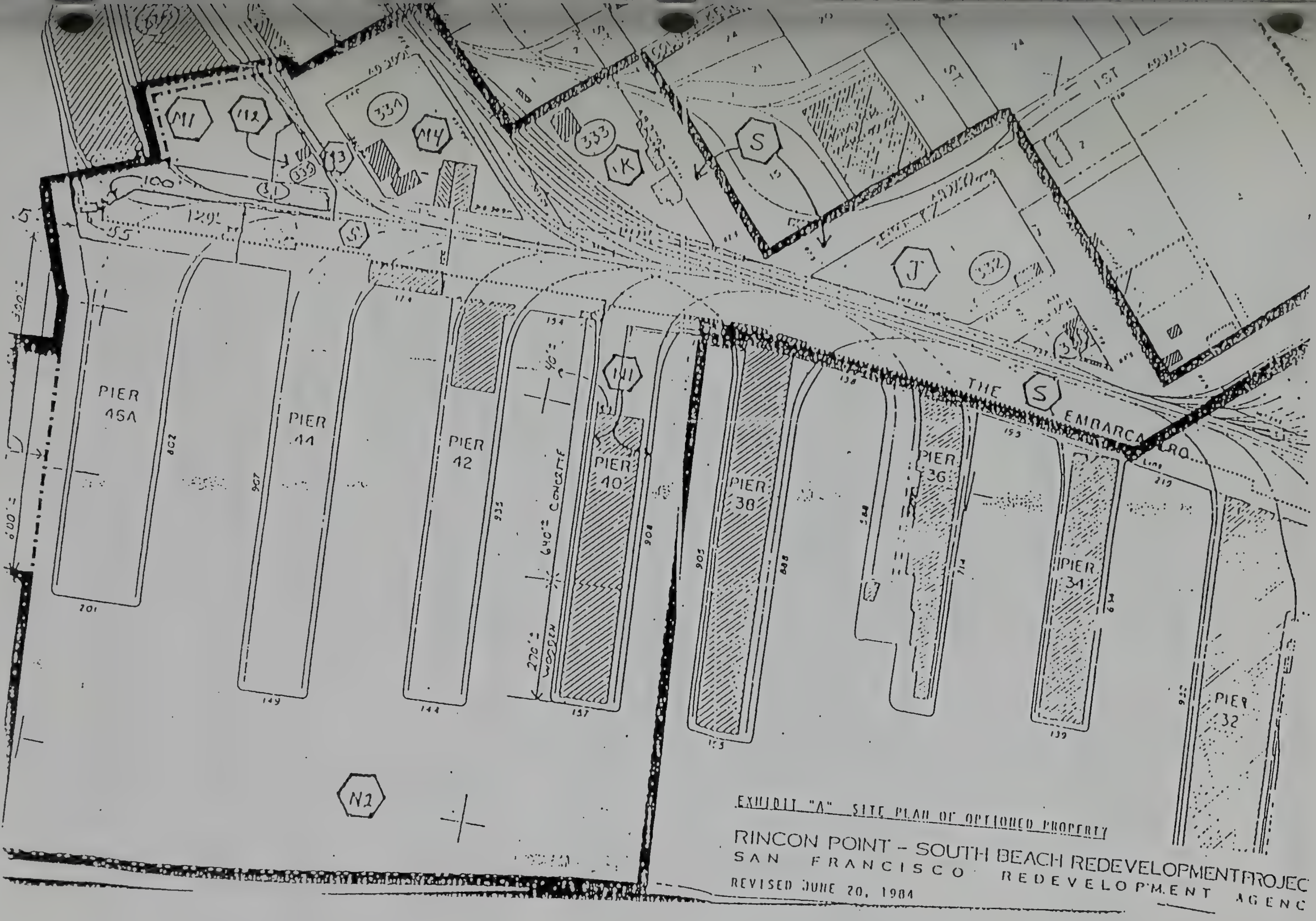
PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-56

WHEREAS,	Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
WHEREAS,	under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and
WHEREAS,	the Port Commission and the Redevelopment Agency are parties to the Option to Lease Real Property, numbered O-10898 (the "Option"); and
WHEREAS,	Port Commission approval is being sought for the Sixth Amendment to Option to Lease Real Property, a copy of which is on file with the Secretary of the Port Commission, which would extend the term of the Option through July 31, 2002, only with respect to portions of Parcel N-2 subject to the Port's leases with the Java House and the Sailing Ship Dolph Rempp; now, therefore, be it
RESOLVED,	that the Port Commission authorizes the Executive Director to execute the Sixth Amendment to Option to Lease Real Property, and all such further documents necessary to effectuate its intent in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 27, 1999.

Secretary



PIER 45A
PIER 44
PIER 42
PIER 40
PIER 38
PIER 36
PIER 34
PIER 32
THE EMBARCADERO
1ST ST.
ST.
N1
N2
M1
M2
M3
M4
J
K
S
334
333
332
100
129±
55
640± CONCRETE
270± WOODEN
90±
300±
600±
802
907
935
904
905
888
714
201
149
144
137
173
139
5

EXHIBIT "A" SITE PLAN OF OPTIONED PROPERTY

RINCON POINT - SOUTH BEACH REDEVELOPMENT PROJEC
SAN FRANCISCO REDEVELOPMENT AGENC
REVISED JUNE 20, 1984

SIXTH AMENDMENT TO OPTION TO LEASE REAL PROPERTY

THIS SIXTH AMENDMENT TO OPTION TO LEASE REAL PROPERTY ("Amendment"), dated for reference purposes only as of July 1, 1999, by and between **THE CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, acting by and through the **SAN FRANCISCO PORT COMMISSION** ("Port"), and **THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**, a public body corporate and politic ("Agency"), is made with reference to the following facts:

RECITALS

A. Port and Agency entered into that certain Option to Lease Real Property on September 26, 1984, as amended by that First Amendment to Option, dated July 30, 1991, Second Amendment to Option to Lease, dated as of February 1, 1995, Third Amendment to Option to Lease, dated as of July 11, 1995, Fourth Amendment to Option to Lease, dated as of August 29, 1995, and Fifth Amendment to Option to Lease, dated as of July 8, 1997. The Option allows the Agency until September 1995 to enter into leases of all or parts of ten defined parcels around South Beach Harbor in the Rincon Point South Beach Redevelopment Area.

B. The Agency has exercised the Option and entered into leases of all the parcels subject to the Option except for the portions of Parcel N-2 that are subject to the Dolph P. Rempp and Java House leases with the Port (the "Java/Rempp Parcels"). Section (1) of the Option states that the Option shall expire and all rights and privileges thereunder shall terminate at 5 p.m. Pacific Time, on September 26, 1995 with respect to any of the real property or any portion or portions thereof for which it has not been exercised.

C. The parties extended the Option termination date with regard to Parcels M-1 and M-2 and the Java/Rempp parcels through July 31, 1996, pursuant to the Fourth Amendment to Option, and through July 31, 1997, pursuant to a letter agreement between the Port and the Agency, dated July 25, 1996. The Agency has exercised its option on Parcels M-1 and M-2 prior to the July 31, 1997 expiration date.

D. On July 16, 1997 the Port Commission approved The Fifth Amendment to the Option extending the term of the remaining Java/Rempp parcels through July 31, 1999.

E. The Agency does not presently require the Java/Rempp parcels, but desires to retain the Option as to these parcels for construction of potential marina parking and desires to extend the term of the Option as to those areas.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Port and Agency hereby agree to amend the Option as follows:

AGREEMENT

1. **Recitals**. The foregoing recitals are true and correct and are incorporated herein by this reference.

2. **Amendment of Option**.

Section (1). Section (1) of the Option, regarding, entitle "Term of Option" is hereby amended to include the following sentence:

Notwithstanding the foregoing, with respect to the portions of N-2 comprised of the Sailing ship Dolph Rempp and Java House sites only, as shown on Exhibit A-1 attached hereto, this Option shall expire and all rights and privileges hereunder shall terminate at 5 p.m. Pacific Time, on July 31, 2002, unless further extended in writing signed by both Port and Agency.

3. **Remaining Terms**. Except as expressly provided herein, all of the terms and conditions of the Option, shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Lease as of the date first set forth above.

PORT

CITY AND COUNTY OF SAN FRANCISCO,
A municipal corporation,
Operating by and through the
SAN FRANCISCO PORT COMMISSION

By:________________________________

Douglas F. Wong
Executive Director

AGENCY

REDEVELOPMENT AGENCY OF
THE CITY AND COUNTY OF
SAN FRANCISCO

By:__________________________

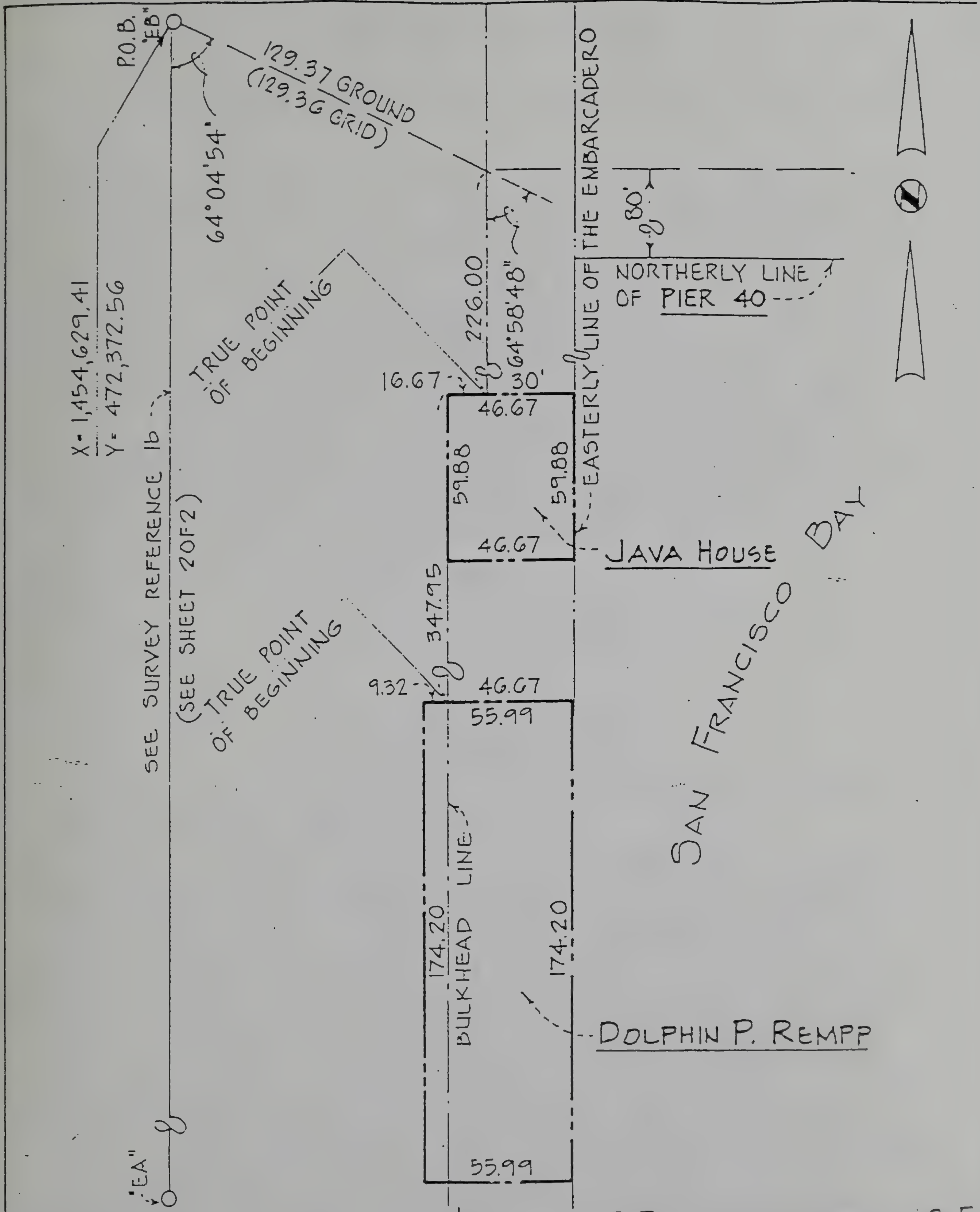
Its:__________________________

APPROVED AS TO FORM:
Louise H. Renne, City Attorney

By: ______________________________

Prepared by: Mark W. Lozovoy, Senior Property Manager

DATAPRINT N90729


P.O.B. "EB"
129.37 GROUND
(129.36 GRID)
64°04'54"
X= 1,454,629.41
Y= 472,372.56
SEE SURVEY REFERENCE 1b
(SEE SHEET 2 OF 2)
TRUE POINT OF BEGINNING
226.00
64°58'48"
16.67
30'
46.67
59.88
59.88
46.67
347.95
TRUE POINT OF BEGINNING
9.32
46.67
55.99
THE EMBARCADERO
80'
NORTHERLY LINE OF PIER 40
EASTERLY LINE OF
JAVA HOUSE
SAN FRANCISCO BAY
BULKHEAD LINE
174.20
174.20
DOLPHIN P. REMPP
55.99
"EA"

SUBJECT JAVA HOUSE RESTAURANT & DOLPHIN P. REMPP RESTAURANT, S.F

BY MIK CHKD. JS DATE 4-14-87 SCALE 1"=50' SHEET 1 OF 1 JOB NO S-132G

MARTIN M. RON ASSOCIATES, INC.

LAND SURVEYORS

604 MISSION STREET, SAN FRANCISCO, CA 94105 • (415) 543

JAVA HOUSE

APRIL 14, 1987

LEGAL DESCRIPTION OF PREMISES

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHERLY TERMINUS OF A LINE DESCRIBED AS "EB," THE SOUTHERLY TERMINUS OF SAID LINE IS DESCRIBED AS "EA," AS SAID LINE AND DESIGNATIONS ARE SHOWN ON THAT CERTAIN MAP ENTITLED "SAN FRANCISCO PORT AUTHORITY, PORT OF SAN FRANCISCO, DEPARTMENT OF ENGINEERING, SURVEY 'E,' EMBARCADERO, BERRY ST. TO BROADWAY," ON FILE IN THE OFFICE OF THE DEPARTMENT OF ENGINEERING, PORT OF SAN FRANCISCO; THENCE FROM SAID POINT "EB" AT AN ANGLE TO THE LEFT OF 64°04'54" FROM THE SAID LINE FORMED BY POINTS "EB" AND "EA" SOUTHEASTERLY 129.37 FEET TO A POINT, SAID POINT BEING THE INTERSECTION OF THE BULKHEAD LINE WITH A LINE THAT IS PARALLEL WITH AND PERPENDICULARLY DISTANT 80 FEET NORTHERLY OF THE NORTHERLY LINE OF PIER 40; THENCE DEFLECTING TO THE RIGHT 64°58'48" ALONG SAID BULKHEAD LINE SOUTHERLY 226.00 FEET TO THE TRUE POINT OF BEGINNING OF THE PARCEL TO BE DESCRIBED HEREIN; RUNNING THENCE AT A RIGHT ANGLE ALONG SAID BULKHEAD LINE WESTERLY 16.67 FEET; THENCE AT A RIGHT ANGLE ALONG SAID BULKHEAD LINE SOUTHERLY 59.88 FEET; THENCE LEAVING SAID BULKHEAD LINE AT A RIGHT ANGLE EASTERLY 46.67 FEET TO THE EASTERLY LINE OF THE EMBARCADERO; THENCE AT A RIGHT ANGLE ALONG SAID EASTERLY LINE NORTH 59.88 FEET; THENCE LEAVING SAID EASTERLY LINE AT A RIGHT ANGLE WESTERLY 30.00 FEET TO THE TRUE POINT OF BEGINNING.

AND CONTAINING 2795 SQUARE FEET OF LAND.

DOLPHIN P. REMPP

LEGAL DESCRIPTION OF PREMISES

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHERLY TERMINUS OF A LINE DESCRIBED AS "EB," THE SOUTHERLY TERMINUS OF SAID LINE IS DESCRIBED AS "EA," AS SAID LINE AND DESIGNATIONS ARE SHOWN ON THAT CERTAIN MAP ENTITLED "SAN FRANCISCO PORT AUTHORITY, PORT OF SAN FRANCISCO, DEPARTMENT OF ENGINEERING, SURVEY 'E,' EMBARCADERO, BERRY ST. TO BROADWAY," ON FILE IN THE OFFICE OF THE DEPARTMENT OF ENGINEERING, PORT OF SAN FRANCISCO; THENCE FROM SAID POINT "EB" AT AN ANGLE TO THE LEFT OF 64°04'54" FROM THE SAID LINE FORMED BY POINTS "EB" AND "EA" SOUTHEASTERLY 129.37 FEET TO A POINT, SAID POINT BEING THE INTERSECTION OF THE BULKHEAD LINE WITH A LINE THAT IS PARALLEL WITH AND PERPENDICULARLY DISTANT 80 FEET NORTHERLY OF THE NORTHERLY LINE OF PIER 40; THENCE DEFLECTING TO THE RIGHT 64°58'48" ALONG SAID BULKHEAD LINE THE FOLLOWING COURSES AND DISTANCES: SOUTHERLY 226.00 FEET; THENCE AT A RIGHT ANGLE WESTERLY 16.67 FEET; AND THENCE AT A RIGHT ANGLE SOUTHERLY 347.95 FEET TO THE TRUE POINT OF BEGINNING; RUNNING THENCE AT A RIGHT ANGLE LEAVING SAID BULKHEAD LINE WESTERLY 9.32 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 174.20 FEET; THENCE AT A RIGHT ANGLE EASTERLY 55.99 FEET TO THE EASTERLY LINE OF THE EMBARCADERO; THENCE AT A RIGHT ANGLE ALONG SAID EASTERLY LINE NORTHERLY 174.20 FEET; THENCE LEAVING SAID EASTERLY LINE AT A RIGHT ANGLE EASTERLY 46.67 FEET TO THE TRUE POINT OF BEGINNING.

AND CONTAINING 9753 SQUARE FEET OF LAND.

GENERAL NOTES

SURVEY REFERENCES

1. MAPS ON FILE IN THE OFFICE OF THE DEPARTMENT OF ENGINEERING, PORT OF SAN FRANCISCO, ENTITLED:
    - A. "GENERAL SURVEY - BELT R.R. AND THE EMBARCADERO," DRAWING NOS. 6253-413-2 AND 6253-414-2.
    - B. "SURVEY 'E,' EMBARCADERO, BERRY STREET TO BROADWAY," DRAWING NO. 6460-409 TO 414-1.
2. MAP OF "SAN FRANCISCO BAY, CALIFORNIA, HARBOR LINES, SAN FRANCISCO," PREPARED BY THE CORPS OF ENGINEERS, DATED FEBRUARY 13, 1948, IN THE OFFICE OF THE DISTRICT ENGINEER, DRAWING NO. 1-4-14, SHEET 7 OF 8.

NOTES

1. ALL ANGLES ARE 90 DEGREES UNLESS OTHERWISE SHOWN.
2. DETAILS NEAR PROPERTY LINES ARE NOT TO SCALE.

THE GRID BEARING FOR THE HEREIN DESCRIBED LINE FORMED BY "EB" AND "EA" IS SOUTH 3°56'21" EAST AND THE GRID COORDINATES FOR SAID "EB," THE POINT OF BEGINNING, ARE X = 1,454,629.41 AND Y = 472,376.56, AS SAID BEARING AND COORDINATES ARE BASED ON THE CALIFORNIA LAMBERT PROJECTION, ZONE III. DISTANCES SHOWN HEREON ARE GROUND DISTANCES. TO CONVERT GROUND DISTANCES TO GRID DISTANCES, MULTIPLY GROUND DISTANCES BY .9999293.

SUBJECT JAVA HOUSE RESTAURANT & DOLPHIN P. REMPP SAILING SHIP RESTAURANT, S.F., CA.

BY MIK CHKD. JS DATE 4-14-87 SCALE 1"=50' SHEET 2 OF 2 JOB NO. S-1326

MARTIN M. RON ASSOCIATES, INC.
604 MISSION STREET, SAN FRANCISCO, CA 94105 • (415) 543-4
LAND SURVEYORS

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

To: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

From: Douglas F. Wong
Executive Director

Subject: Approval of Amendments to Port Tariff No. 4 regarding Fish Sales from Commercial Fishing Vessels at Fisherman's Wharf Harbor.

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENTS TO PORT TARIFF NO. 4

Background. In May of 1998, the fishermen of Fisherman's Wharf Harbor approached the Port with the proposal of conducting fish sales directly to the public from their boats. At the same time fishermen in harbors from Santa Barbara, CA to Humbolt Bay, CA were making similar requests from their respective Port Commissions. These requests were a result of the fishermen's desire to get what they believed was a fair market price for their catch, which they maintained they were not receiving from their traditional wholesale market. In addition there was a perception that the general public would enjoy a farmers-market-type atmosphere by purchasing fish directly from the boats. This activity they believed would motivate the local public to visit the wharf more frequently and for a purpose that was in keeping with the traditional use of the area as a fishing harbor.

Port staff responded by formulating some basic guidelines that would allow this type of activity while at the same time protecting the health and safety of the public and our tenants' concerns. Staff contacted the California Fish and Game Department, the San Francisco Health Department, the Department of Weights and Measures and the San Francisco Police Department to ascertain what permits and policies would be necessary to incorporate into a Port Policy. Staff also surveyed other harbors along the coast and collected their policy documents, experiences and concerns, and consulted with local fishermen and fish processors to determine how these guidelines would be implemented.

THIS PRINT COVERS CALENDAR ITEM NO. 5A

In July 1998, staff prepared a draft policy that included requiring the appropriate Fish and Game licenses, Health Dept. permit, Weight and Measures certification for scales and guidelines for berth assignments, advertisements, safety and sanitation. These guidelines were similar to those used in Pillar Point Harbor, Half Moon Bay, which had held public hearings and had secured their commission approval. San Francisco fishermen, as represented by the Crab Boat Owners Association, reviewed these guidelines. The Port's fish processing tenants response was mixed; however, no formal opposition has been received. Port staff allowed fish sales to proceed on a provisional basis to determine the effectiveness of the guidelines, observation of unforeseen negatives and the popularity and overall scope of fish sales by the fishermen to the public.

During the period of July 1998 and the end of September 1998, fish sales occurred and the following facts were recorded. Sales took place in the inner Harbor, Pier 49 on Wharf J-3 and J-4. Sales on Pier 47 Wharf J-7, 8 & 9 were not successful due to their more obscured location. Sales generally took place on Saturdays and Sundays, with some sales on Fridays. This happened without limiting the sales to any particular days of the week. The average number of boats participating was 9 with a low of 2 and a high of 17 on a given day. There was roughly a 50/50 mix of local and out of town boats. The number of public who participated was not calculated; however, there was never an overwhelming crowd recorded, no accidents reported and the response could be generally characterized as positive and jovial. No conflicts were reported by the Fish Processors, some aided the sales by supplying ice and sales from the fishermen to them continued without recorded disruption.

In the period between the end of September 1998 and April 1999 staff met with the above mentioned agencies, with the Crab Boat Owners Association, Fish Processors and local members of the community and it was determined that a formal policy should be adopted by the Port to establish a regular permitting of fish sales by the fishermen at the Port. A policy was drawn up and a community meeting was held on May 12,1999 at Fisherman's Wharf that was attended by over 50 fishermen, fish processors, agency representatives and interested community members. The Policy for CONDUCTING FISH SALES FROM VESSELS AT FISHERMAN'S WHARF HARBOR before you today was a result of that meeting.

Proposal:
Port staff recommends that a policy for fish sales from vessels in Fisherman's Wharf Harbor be incorporated into Rule 34 – Terminal Tariff, Section 8 - Fishing Industry of Port Tariff No. 4. The proposed amendments to Port Tariff No. 4 are indicated in the attachment to this Memorandum.

Prepared by: John Davey
Maritime Operations Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-48

WHEREAS, jurisdiction over the lands managed by the San Francisco Port Commission was transferred to the City and County of San Francisco pursuant to California Statues, Chapter 1333, commonly known as the "Burton Act;" and

WHEREAS, the Burton Act mandates that said lands be managed to promote their use and development for trust purposes, and one of these trust purposes is fisheries; and

WHEREAS, City Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, in order to allow the sale of fish from a vessel at Fisherman's Wharf, and provide for the orderly conduct of those sales and to develop an additional market for fisherman and to protect the health and safety of the general public, and to enhance the experience of visitors to Fisherman's Wharf, the Port Commission desires to adopt regulations governing such sales; now, therefore be it

RESOLVED, that the Port Commission hereby adopts the Amendments to Port Tariff No.4 attached hereto, and authorizes the Executive Director to take all such further action necessary to implement the Amendments to Tariff, including submitting the Amendments to Tariff to the Federal Maritime Commission and the California Association of Port Authorities as necessary.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 27, 1999.

Secretary

PORT OF SAN FRANCISCO

POLICY FOR RETAIL FISH SALES FROM COMMERCIAL FISHING VESSELS IN FISHERMAN'S WHARF HARBOR

Note: (The amendments are noted with asterisks.)

These policy items are intended to allow the sale of fish directly from the fish catchers to the public in a safe, orderly manner, while minimizing the potential liability of the Port and protecting the local fishing industry.

1. **For the purposes of the permit, fish shall be defined as salmon, tuna, rock fish, halibut those fish that are a by catch of the harvesting methods used to catch these fish. This permit expressly does not include crab.***

2. All participating owners/vessels must have a berth agreement, and their account must be in good standing with the Port of San Francisco.

3. Fish may be sold only from vessels with a preferential berth assignment as defined in the Port Tariff #4, Rule 34, Section 8b, Item #831 with the following exceptions:

   I. Two berths on Pier 49 Wharf J-3 will be designated for non-preferential berth assignment (as defined in the Port Tariff #4, Rule 34, Section 8b, Item #831). The purpose of these two berths is to accommodate vessels that do not have preferential berth assignments. The assignment of these berths will be on first come, first served basis. The term will be noted on the non-preferential berth assignment document and shall not exceed 3 consecutive days.

   II. Berth holders who have a preferential berth assignment on Pier 49 Wharf J-3 who are current members in good standing of the Crab Boat Owners Association can exchange berths with other members of the Association for the sole purpose of selling their fish. This exchange shall be only for the time period for which fish sales are taking place and shall not suspend in any form the term of either party's berth assignment with the Port. It is understood that once the fish sales are complete the berth will be occupied by the vessel per the preferential berth assignment and the temporary occupant shall return to their assigned berth or shift to the transient area.

4. No sales shall take place outside of the numbered berths of Pier 47 and Pier 49 or elsewhere within the jurisdiction of the Port. There shall be no sub-letting of berths.

5. Prior to the commencement of any fish sales, vessel owners or operators must acquire all required permits and licenses. Vessel owners or operators shall conform to all regulations and requirements, including those of the California Department of Fish and Game, the San Francisco Department of Public Health, the Department of Weights and Measures and the Port of San Francisco.

6. Vessels must have a Retail Fish Sales Permit, issued by the Port of San Francisco. This permit shall be displayed as designated by the Port, during the time fish sales are conducted. Permits shall be issued annually, upon presentation of a Fishing Vessel Health Permit from the Department of Public Health and payment of *$20* to the Port of San Francisco.

7. Sales shall occur between the hours of 7:00 AM and 8:00 PM only.

8. No signs or posters may be fastened to any Port property, including railings and lampposts. Signage posted on the boat shall follow the guidelines established by the Port.

9. All customers must be issued a receipt with the following information:

    - Name of vessel
    - Name of fish catcher
    - Fish & Game retail number
    - DPH permit number
    - Species
    - Price per pound
    - Quantity
    - Total Price

10. All fish shall be sold whole. No filleting, steaking or processing, other than gilling and gutting, is allowed.

11. Gutting and gilling of fish shall be done at sea prior to beginning sales and in accordance with all California Fish & Game regulations.

12. Fish sold shall be packed at the time of sale in a drip-proof bag, (e.g. plastic) of sufficient strength to support the weight of the fish.

13. Fish shall be sold only by, or under direct supervision of, the fish catcher who harvested the fish.

14. All fish sales must occur from the vessel. No selling stations will be allowed to be set up on or in any dock, wharf, parking area or other structure.

15. No customers shall be allowed on vessels selling fish. All shore attachments, protrusions or equipment that could injure a customer or create a trip hazard shall be safely covered or removed.

16. The vessel or business name shall be prominently placed and clearly visible to consumers during sales activities so that the business or vessel is easily identifiable.

17. Fish must be maintained at a temperature of 41 degrees Fahrenheit (5 degrees Celsius) or below at all times, including during storage (California Salmon Council Quality Guidelines recommend 32-35 degrees Fahrenheit). Acceptable means of maintaining temperature include approved refrigeration equipment or embedding in ice. **(eliminated Crabs shall be sold live)***

18. Ice used for the chilling of fish must be made from potable water and be protected from sources of contamination.

19. Stored fish must be protected from all sources of contamination.

20. Scombrotoxic fish must receive special care in handling, i.e., proper icing, refrigeration, or immediate freezing upon landing (catching), to prevent bacterial growth, spoilage and histamine production. Scombrotoxic fish include tuna. **(eliminated albacore, mahi mahi, and mackerel)***

21. Discharge of fish carcasses, entrails and other debris into harbor waters is prohibited. All refuse shall be placed in a designated trash receptacle and shall not be left on a pier, wharf, sidewalk, street or curb.

22. Only approved, cleanable utensils may be used to clean fish. Utensils, processing areas, and storage facilities such as holds must be maintained in a clean and sanitary condition.

23. The Port of San Francisco reserves the right to revoke or suspend an individual Port Retail Sales Permit as the result of non-compliance with any of the provisions contained herein.

24. The term of this permit shall be from the date of execution through October 1, 2000, at which time it shall be reviewed and extended only by a vote of the Port Commission.*

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 27, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Consent to assignment of Lease L-7494 from Cresci Brothers, Incorporated to Francis Y. Chu and Jyi Jeng Hwang.

DIRECTOR'S RECOMMENDATION: CONSENT TO ASSIGNMENT OF LEASE L-7494 FROM CRESCI BROTHERS, INCORPORATED TO FRANCIS Y. CHU AND JYI JENG HWANG.

BACKGROUND

In May of 1970, the Port entered into a sixty-six year lease (L-7494) with Cresci Brothers, Incorporated ("Tenant"). This Lease is for approximately 927 square of retail space , "to conduct a gift shop in the inside area and sell postcards, gifts and retail seafood and bread from the sidewalk stands which are a portion of the area, and such other uses as Tenant has heretofore made of or conducted on the leased premises."

Paragraph (10) of Tenant's Lease L-7494 requires Cresci Brothers, Incorporated to obtain the written consent of the Port, which consent shall not be unnecessary withheld, prior to any assignment. Tenant has requested an assignment of Lease L-7494 from Cresci Brothers, Incorporated to Francis Y. Chu and Jyi Jeng Hwang ("Assignees"). There are no plans to make any change in the use of the premises under Lease L-7494 by the proposed Assignees. Port staff has established that the Assignees are creditworthy, and confirmed that the Assignees are aware of the proposed Living Wage Ordinance and the potential impact that said Ordinance could have on this lease

Cresci Brothers will not be released from the terms of the Lease as a result of this assignment. The Port's consent will include a provision obligating the Port to give Cresci Brothers concurrent notice and an opportunity to cure any defaults by Assignees under the Lease.

THIS PRINT COVERS CALENDAR ITEM NO. 6A

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-60

WHEREAS, Section 3.581 of the City Charter empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Port has entered into a Lease with Cresci Brothers, Incorporated to operate approximately 927 square feet of retail space for the sale of seafood and gifts on Taylor Street at Fisherman's Wharf (Lease L-7494 dated May 1970); and

WHEREAS, Port Commission approval is being sought for the assignment of the remaining term of Lease L-7494 from Cresci Brothers, Incorporated (the "Assignor") to Francis Y. Chu and Jyi Jeng Hwang (the "Assignees"); and

WHEREAS, Lease L-7494 provides that Assignor must obtain consent of the Port for any assignment of the lease, which consent must not be unreasonably withheld; and

WHEREAS, Port staff has established that the Assignees are creditworthy and confirmed that the Assignees are aware of the proposed Living Wage Ordinance and the potential impact that said Ordinance could have on this lease; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the assignment of Lease L-7494 from Assignor to Assignees, and hereby authorizes the Executive Director of the Port to execute documents effecting said assignment on behalf of the Port, in such form as is approved by the City Attorney as outlined in the Memorandum to the Port Commission for Agenda Item No. 6A for its July 27, 1999 meeting.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 27, 1999.

____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to execute Contract Modification No. 1 for Construction Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C", with Dutra Dredging Company.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO EXECUTE CONTRACT MODIFICATION NO. 1 FOR CONTRACT 2655, IN THE ADDITIONAL SUM OF $1,200,000 TO DUTRA DREDGING COMPANY

The Port has a considerable amount of Maintenance Dredging to perform this fiscal year. There has been additional urgency placed on completing this dredging as soon as possible due to new requirements contained in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office. These new requirements become effective this year and will limit the amount of time allowed for in-bay dredging to six months per year, from June 1 through November 30. In order to start the Port's Maintenance Dredging as soon as possible, a Contract Modification with Dutra Dredging is required. This Contract Modification will include the Central Basin, Hyde Street Harbor and the Downtown Ferry Terminal dredging into Contract 2655. This Contract Modification will include dredging materials unsuitable for in-bay disposal as required for these sites.

Dutra has agreed to include the Central Basin and Downtown Ferry Terminal sites into the contract at the contract unit rates. Port Staff negotiated slightly higher rates for the Hyde Street Harbor dredging due to the site difficulties and limited dredge volume. The maintenance dredging work includes contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris disposal. This cost estimate includes disposal of dredge spoils unsuitable for in-bay disposal. The cost estimate for the additional dredging is $1,200,000, which includes a 15% contingency.

Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80. Contract Modification No. 1 will bring the total contract value to $3,236,150. The Human Rights Commission has approved this proposed Contract Modification, subject to Port Commission approval.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

This Print Covers Calendar Item No. 7A

I:\CLIFF\Commission\Agd-2655, Mod 1.doc

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to execute Contract Modification No. 1 for Construction Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C", with Dutra Dredging Company.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO EXECUTE CONTRACT MODIFICATION NO. 1 FOR CONTRACT 2655, IN THE ADDITIONAL SUM OF $1,200,000 TO DUTRA DREDGING COMPANY

The Port has a considerable amount of Maintenance Dredging to perform this fiscal year. There has been additional urgency placed on completing this dredging as soon as possible due to new requirements contained in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office. These new requirements become effective this year and will limit the amount of time allowed for in-bay dredging to six months per year, from June 1 through November 30. In order to start the Port's Maintenance Dredging as soon as possible, a Contract Modification with Dutra Dredging is required. This Contract Modification will include the Central Basin, Hyde Street Harbor and the Downtown Ferry Terminal dredging into Contract 2655. This Contract Modification will include dredging materials unsuitable for in-bay disposal as required for these sites.

Dutra has agreed to include the Central Basin and Downtown Ferry Terminal sites into the contract at the contract unit rates. Port Staff negotiated slightly higher rates for the Hyde Street Harbor dredging due to the site difficulties and limited dredge volume. The maintenance dredging work includes contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris disposal. This cost estimate includes disposal of dredge spoils unsuitable for in-bay disposal. The cost estimate for the additional dredging is $1,200,000, which includes a 15% contingency.

Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80. Contract Modification No. 1 will bring the total contract value to $3,236,150. The Human Rights Commission has approved this proposed Contract Modification, subject to Port Commission approval.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

This Print Covers Calendar Item No. 7A

PORT OF SAN FRANCISCO
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-57

WHEREAS, Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80; and

WHEREAS, due to new regulations limiting the duration of yearly dredging, it is necessary to modify the contract; and

WHEREAS, Contract Modification No. 1 for $1,200,000 including required dredging at Central Basin, Hyde Street Harbor and Downtown Ferry Terminal sites into Contract 2655 requires Commission approval; now, therefore, be it

RESOLVED, that the Port Commission approves Contract Modification No. 1 of Contract 2655, “Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C”, with Dutra Dredging Company for a total contract amount of $3,236,150.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 27, 1999.

Secretary

i:\Cliff\Commission\ Agd – 2611, Mod 3 (revised)

7/20/99

PORT OF SAN FRANCISCO

2655 Contract Modification

Dredging Quantity and Cost Estimate

FACILITY NAME	DREDGE DEPTH (M.L.L.W.)	Priority		2655 Change Order Estimated Dredging Cost				
				Quantity Cu. Yds.	Assumed Upland Disposal CY's	Up-land Disposal ($)	In-Bay Dredging Disposal Cost ($)	Estimated Dredging Cost ($)
Central Basin	-32 ft.			233,000			$ 764,240.00	$ 764,240.00
Downtown Ferry	-20 ft		#	13,616	1,284	$ 44,940.00	$ 40,448.96	$ 85,388.96
Hyde Street Harbor	-14 ft			7,500	2,400	$ 156,000.00	$ 35,700.00	$ 191,700.00
Contingency								$ 127,444.34
TOTAL								$ 1,168,773.30

Funding

Central Basin Funds CPO625-02	$ 900,000
HSH	$ 200,000
DTFT	$ 100,000
Total	$ 1,200,000

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 27, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Permission to Advertise for Competitive Bids for Maintenance Dredging.

DIRECTOR'S RECOMMENDATION: TO APPROVE THE REQUEST FOR PERMISSION TO ADVERTISE FOR COMPETITIVE BIDS FOR MAINTENANCE DREDGING

The Port requires maintenance dredging at several Port facilities. The dredging sites included in this contract are Pier 92, Pier 35 East Widening, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 35 East, Pier 35 West, Pier 90, Pier 80 and other similar sites on the Port of San Francisco waterfront. This contract includes provision for dredging materials unsuitable for in-bay disposal. New dredge disposal requirements noted in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office including provision for ocean disposal and for re-use of dredge spoils are incorporated into this contract. The maintenance dredging work includes contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris transportation and disposal.

Bidding is requested on a unit price basis and the low bidder will be determined based on 547,700 cubic yards of dredge material. Due to limitation of funds appropriated at the time of award, the initial quantity awarded will be for 381,040 cubic yards. After additional funding is made available, the contract will be modified to finance the full amount of work bid.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

THIS PRINT COVERS CALENDAR ITEM NO. 7B

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-58

WHEREAS, the Port requires maintenance dredging at Pier 92, Pier 35 East Widening, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 35 East, Pier 35 West, Pier 90, Pier 80 and other similar sites on the Port of San Francisco waterfront; and

WHEREAS, this contract will include provision for dredging and disposal of materials unsuitable for in-bay disposal; and

WHEREAS, the new dredge disposal requirements noted in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office including provision for ocean disposal and for re-use of dredge spoils are incorporated into this contract; and

WHEREAS, the maintenance dredging work includes contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris disposal; and

WHEREAS, bidding is requested on a unit price basis and low bidder will be determined based on 547,700 cubic yards of dredge material; and

WHEREAS, due to limitation of funds appropriated at the time of award, the initial quantity awarded will be for 381,040 cubic yards; and

WHEREAS, after additional funding is made available, the contract will be modified to finance the full amount of work bid, now, therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port Staff to Advertise for Competitive Bids for the Maintenance Dredging.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 27, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 27, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to reject all bids for Construction Contract No. 2656 "Hyde Street Harbor Project" and discussion of potential project alternatives.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO REJECT ALL BIDS FOR CONTRACT NO. 2656

On December 17, 1998, the Commission authorized the advertisement of Contract No. 2656, "Hyde Street Harbor Project." On June 16, 1999, three bids were received. The lowest bid, including all alternates and a 10% contingency, was $5.53 million, approximately $1.37 million greater than the $4.16 million that is available for construction. Due to the shortfall in funds, staff has concluded it is in the Port's best interest to reject all bids as prescribed by the San Francisco Administrative Code.

Port staff is considering an alternative to this project, The project scope may be divided into two distinct construction projects: (1) Marine Improvements including all piers and waterside facilities and (2) Landside Improvements-including parking lot utilities, restroom and storage facilities. In this manner, the staff could have the opportunity to perform value engineering to the landside improvements, yet continue progress on the construction of the overall project by proceeding with bidding of the marina improvements. Additionally, the dredging component of the project may be performed under the existing Maintenance Contract and could thus commence immediately upon approval of a change under to that contract.

Therefore, due to inadequate funding, Port staff seeks Commission authorization to reject all bids received for Contract No. 2656, with direction to staff to study project alternatives, including the possible bidding of the marine and landside work scopes as separate contracts.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

This Print Covers Calendar Item No. 7C

I:\\PACIFICA\USERS\PORTWIDE\CLIFF\Commission\AGD2656Reject.doc

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-59

WHEREAS, the Port Commission previously authorized the advertisement of Contract No. 2656, "Hyde Street Harbor Project" and

WHEREAS, three bids for this contract were received on June 16, 1999; and

WHEREAS, the lowest responsive bid was approximately $1.37 million greater than the available budget for this project; and

WHEREAS, the Port staff is analyzing different approaches to the project, including rebidding the marine improvements portion of the project immediately and performing value engineering for the remainder of the project; now, therefore, be it

RESOLVED, that the San Francisco Port Commission authorizes the rejection of all bids for Contract No. 2656 for the construction of the Hyde Street Harbor Project; and, be it further

RESOLVED, that Port staff is directed to explore recommendations for bidding the construction of the project as two separate projects, and to present such recommendations to the Commission in the future.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 27, 1999.

____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

July 21, 1999

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Acceptance and expenditure of $2 million in capital assistance from the Federal Transit Administration (FTA) for the China Basin Ferry Terminal and $6.9 million for the Downtown Ferry Terminal.

DIRECTOR RECOMMENDS: AUTHORIZE THE PUBLIC TRANSPORTATION COMMISSION TO ACCEPT AND EXPEND FEDERAL TRANSIT ADMINISTRATION (FTA) FUNDS ON BEHALF OF THE PORT AND ADOPT FINDINGS PURSUANT TO THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).

BACKGROUND

China Basin Terminal. On August 25, 1998, by Resolution 98-80, the Port Commission authorized staff to apply for, accept and expend $2,000,000 from the Ferry Boat Discretionary Fund (Transportation Equity Act for the 21st Century, or TEA-21) for the construction of a Ferry Terminal at China Basin (see Figure 1).

In October 1998, the Port received notification of pending approval for the China Basin Terminal project and proceeded to secure Federal authorization and obligate funds for this work. In May, 1999, the China Basin Terminal Project was formally included in the approved Federal Transportation Improvement Plan (TIP) and Federal Statewide TIP (STIP). Also in May 1999, in order to expedite the project, the Port requested that Caltrans transfer the funds to the Federal Transit Administration (FTA). The Port Commission have each received these documents.

On June 10, 1999, the State Department of Transportation transferred the $2,000,000 Ferry Boat Discretionary funds for the China Basin Ferry Terminal project to the FTA. This funding will be processed through normal FTA procedures.

This Print Covers Calendar Item No. 8A

Downtown Terminal. The Downtown Ferry Terminal Project has been funded with grants from several funding sources, with $7.6 million from California Transportation Commission Proposition 116 Funds, and $6.9 million in federal funds, including $4.4 million from the Federal Highway Administration (FHWA) and $2.5 million from the Federal Transit Administration (FTA). The Port requested that the FHWA funds for the Downtown Ferry Terminal be transferred to the FTA at the same time it made the similar request for the China Basin Terminal.

ACCEPTANCE AND ADMINISTRATION OF FTA FUNDS

Although the Port of San Francisco is not an eligible claimant for FTA capital assistance projects pursuant to Section 1064 of the TEA-21, the Public Transportation Commission is eligible to accept and expend FTA funds. Therefore, the Public Transportation Commission must be authorized to accept and administer the $2 million and $6.9 million FTA funds on behalf of the Port of San Francisco for the China Basin and Downtown Ferry Terminals, respectively.

CEQA COMPLIANCE

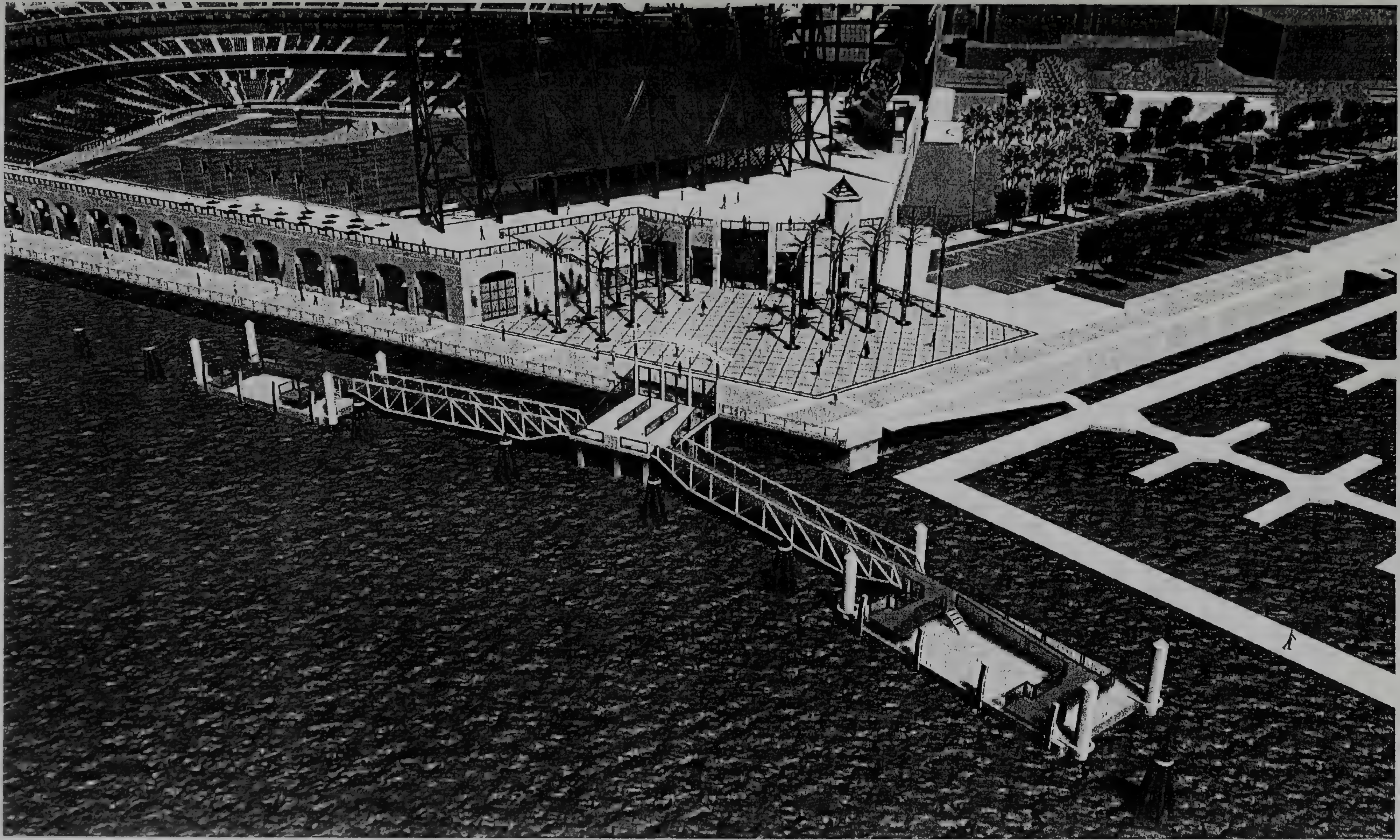
China Basin Terminal. The Planning Department has prepared, and the Port Commission have each received, a Memorandum to City Planning File No. 96.176E dated May 5, 1999 that analyzed the potential impacts arising from the China Basin Ferry Terminal project. The Planning Department determined that no further environmental analysis is required for the project beyond that already contained in the *San Francisco Giants Ballpark at China Basin Final Environmental Impact Report* (FEIR, File 96.176E), certified June 26, 1997.

Downtown Terminal. An Environmental Assessment under the National Environmental Policy Act (NEPA) and Initial Study under the California Environmental Quality Act (CEQA) was published on July 1, 1997. The S. F. Planning Department adopted and issued a Final Negative Declaration pursuant to CEQA on August 7, 1997, and the Federal Highway Administration issued a Finding of No Significant Impact (FONSI) pursuant to NEPA on September 15, 1997.

RECOMMENDATION

The Port staff recommends that the Port Commission authorize the Public Transportation Commission to accept and expend the $2 million FTA grant for the China Basin Terminal and the $6.9 million in grants for the Downtown Terminal and adopt findings for the projects pursuant to CEQA, per Resolutions 99-53 and 99-54 attached.

Prepared by: Kari Kilstrom
Development Project Coordinator



Ferry3a.psd

HOK SPORT

PACIFIC BELL PARK

(HOME OF THE SAN FRANCISCO GIANTS)

GIANTS

June 24, 1999

FIGURE 1

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-53

WHEREAS, The Port of San Francisco proposes to construct the China Basin Ferry Terminal Project that will add a two-berth passenger vessel terminal (the "Terminal") at the mouth of China Basin Channel adjacent to Pacific Bell Park; and

WHEREAS, On August 25, 1998, by Resolution 98-80, the Port Commission authorized staff to apply for, accept and expend $2,000,000 from the Ferry Boat Discretionary Fund (Section 1207 of the Transportation Equity Act for the 21st Century (TEA-21) for the construction of a Ferry Terminal at China Basin; and

WHEREAS, The Port received notification of pending grant application approval and proceeded to secure Federal authorization and obligate funds for this work; and

WHEREAS, On June 10, 1999, the Department of Transportation transferred the $2,000,000 Ferry Boat Discretionary funds for the China Basin Ferry Terminal project to the FTA; and

WHEREAS, The San Francisco Public Transportation Commission is an eligible claimant for FTA capital assistance projects pursuant to Section 5309 of the Transportation Equity Act for the 21st Century and could accept and expend funds for the China Basin Ferry Terminal Project; and

WHEREAS, The environmental effects of Pacific Bell Park, which included a passenger vessel terminal variant (Variant 1), were analyzed in the Giants Ballpark Final Environmental Impact Report (FEIR); and

WHEREAS, By Motion No. 14398 and Resolution No. 96-97, the Planning Commission and the Redevelopment Agency Commission, respectively, found that the FEIR was adequate, accurate and objective, reflected the independent judgment of each Commission and that the summary of Comments and Responses contained no significant revisions to the draft Environmental Impact Report, adopted findings of significant impacts associated with the ballpark and certified the completion of the FEIR in compliance with the California Environmental Quality Act ("CEQA") and the CEQA Guidelines; and

WHEREAS, On or about July 16, 1997, the Port Commission adopted Resolution No. 97-53 under which it adopted various findings pursuant to CEQA and the CEQA Guidelines in which it determined that all significant environmental effects attendant to the proposed Project (as therein defined) had been fully and adequately analyzed in the material before the Port Commission and that no additional information was required in order for the Port Commission to make an informed decision regarding the environmental impacts thereof, appropriate mitigation measures, alternatives or overriding considerations and adopted certain other findings therein including those associated with the Project description, the basis for approval of the Project, and the mitigation measures and monitoring program; and

WHEREAS, The Port Commission rejected the terminal (Variant 1) in Resolution No. 97-53 due to the speculative nature of the feasibility of implementation at that time and its relatively minor contribution to reduction of traffic impacts based on a conceptual plan; and

WHEREAS, Since the adoption of Resolution No. 97-53, the Port conducted significant studies regarding terminal facilities, obtained funding for construction of a terminal; and refined the terminal project description for purposes of planning, design and environmental review;

WHEREAS, The Planning Department Office of Environmental Review prepared the China Basin Passenger Vessel Terminal Technical Memorandum dated May 5, 1999 ("Technical Memorandum") which compares environmental effects of Variant 1 in the FEIR with the Terminal and concludes that the Terminal does not require additional environmental analysis; and

WHEREAS, The proposal before this Commission for the China Basin Terminal constitutes the same project as Variant 1 except as follows: (i) Variant 1 described a single, two-berth float parallel to the PortWalk, a pedestrian walkway along the north side of the Channel that is being constructed as part of the ballpark project; the Terminal would have two floats with one berth each and would be located further east toward the mouth of the Channel, anchored at Centerfield Plaza, an open public area that is also being constructed as part of the ballpark project and (ii) the Terminal operational plan assumes accommodation of additional vessels and patrons; and

RESOLVED, That the Commission finds, with respect to the China Basin Terminal, that the Giant's Ballpark FEIR analyzed the impacts of Variant 1, encompassing the China Basin Terminal Project, and identified appropriate mitigation measures to reduce such impacts to a level of insignificance; and be it further

RESOLVED, That the China Basin Terminal would not result in any new significant environmental effects not previously identified for Variant 1; and be it further

RESOLVED, That based on the information and analysis contained in the record, including without limitation the Giant's Ballpark FEIR and the Technical Memorandum, the bases for approval of the Project set forth in Resolution No. 97-53 apply to the Terminal and all said findings are as set forth in said Resolution are hereby incorporated herein as fully set forth, except as modified below; and be it further

RESOLVED, That all significant environmental effects attendant to the Terminal have been fully and adequately analyzed in the material before the Port Commission, and that no additional information is required for the Port Commission to make an informed decision regarding the environmental impacts thereof, appropriate mitigation measures, alternatives or overriding considerations, for the reasons set forth below, and in Resolution No. 97-53; and be it further

RESOLVED, As follows:

Project Description. The terminal project is the same as that set forth in Variant 1 as described in Resolution No. 97-53, except for modifications described in the Technical Memorandum.

Basis for Approval of Modified Project. Based on the information and analysis contained in the record, including without limitation the FEIR and the Technical Memorandum, the Port Commission finds as follows:

No additional environmental review is required for their Terminal for the reasons set forth below.

The Terminal is within the scope of the development analyzed in the FEIR.

Modifications incorporated into the Project and reflected in the Terminal will not require major revisions to the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified and significant effects.

No substantial changes have occurred with respect to the circumstances under which the Project or the Terminal are undertaken which would required major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the FEIR.

No new information of substantial importance to the Project or the Terminal has become available which would indicate: (i) the Project or the Terminal will have significant effects not discussed in the FEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible, except as otherwise provided herein regarding Variant 1 which is proposed for adoption in substantially similar form as part of the Terminal; or (iv) mitigation measures or alternatives which are considerably different from those in the FEIR would substantially reduce one or more significant effects on the environment.

The Terminal is no longer speculative for feasibility of implementation and, while not required to reduce significant environmental effects, is a desirable complement to the comprehensive system of improvements and operational measures designed to address transportation issues related to the ballpark and its surrounding area.

Mitigation Measures. The Port Commission adopts the Mitigation Measures as set forth in the Technical Memorandum, and attached hereto as Exhibit 1, and included herein as if fully set forth in this Resolution. These mitigation measures were included in the FEIR, pages V.66-V.68. A few minor editorial changes have been made solely to make the measures applicable to the Terminal; and, be it further

RESOLVED, The Commission requests the San Francisco Public Transportation Commission and the Board of Supervisors to accept and expend Federal Transit Administration (FTA) funds on behalf of the Port for the China Basin Ferry Terminal project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 27, 1999.

Secretary

EXHIBIT 1

Mitigation Measures

The following mitigation measures were included in the FEIR, pp. V.66 - V.68. A few minor editorial changes have been made solely to make the measures applicable to the terminal and shoreline improvement and stabilization project. These measures have been incorporated into the project, and no significant environmental effects would occur with the project.

Air Quality

1. As a condition of the construction contract, the project sponsor shall require the contractor to use tarpaulins or other effective covers for on-site storage piles and for haul trucks that travel on streets.

Water Quality

2. *Use of Shallow-Draft Tugboats for Turbidity Minimization.* To prevent turbidity and sediment resuspension caused by tugboat activity during construction, the project sponsor shall require the construction contractor to use shallow-draft tugboats. Shallow-draft tugboats float higher in the water than deep-draft tugboats. Because they float higher, the tugboat propellers are not as deep under the water surface, and therefore are farther away from the bottom of the Channel. This arrangement has less potential to disturb bottom sediments because the local currents created by the propellers would not extend as deeply into the water column.

   The project sponsor also shall require the construction contractor to operate the tugboats at the minimum speed necessary to maintain maneuverability of the barges. Slower speeds would reduce the spin of tugboat propellers, thus minimizing turbidity and sediment resuspension.

3. *Monitoring of Pacific Herring Spawning.* To avoid harming Pacific herring eggs, the project sponsor shall additionally specify the following conditions in construction contracts:

   - A professional fisheries biologist, or other individual sufficiently competent to identify herring spawning activity, shall monitor the project site daily at any time during in-water construction activities (e.g., pile-driving, excavation, and riprap placement) occurring during the peak spawning season of December 1 to March 1.

   - In the event that the on-site biologist or qualified staff person detects herring spawning at, or within 200 meters of, tugboat berthing areas or areas in the Bay where in-water construction activities are taking place, the biologist or qualified staff person shall immediately notify the Environmental Review Officer and the Port of San Francisco construction manager who shall cease in-water construction for a minimum of 14 days, or until the on-site biologist determines that the hatch has been completed and larval herring have left the site. In-water construction activities may be resumed thereafter.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-54

WHEREAS, The Port of San Francisco proposes to construct the Downtown Ferry Terminal Project that will add two ferry berths, provide seismically secure access to these two and two other existing berths, and improve public access in and around the terminal; and

WHEREAS, The Downtown Ferry Terminal Project is funded with grants from several sources, including $7.6 million from California Transportation Commission Proposition 116 Funds, and $6.9 million in federal funds, including $4.4 million from the Federal Highway Administration (FHWA) and about $2.5 million from the Federal Transit Administration (FTA); and

WHEREAS, The San Francisco Public Transportation Commission is an eligible claimant for FTA capital assistance projects pursuant to Section 5309 of the Transportation Equity Act for the 21st Century and could accept and expend funds for the China Basin Ferry Terminal Project; and

WHEREAS, The Downtown Ferry Terminal Project was analyzed in an Environmental Assessment under the National Environmental policy Act (NEPA) and Initial Study under the California Environmental Quality Act (CEQA), published on July 1, 1997, and

WHEREAS The San Francisco Planning Department adopted and issued a Final Negative Declaration pursuant to CEQA on August 7, 1997 and the Federal Highway Administration issued a Finding of No Significant Impact (FONSI) pursuant to NEPA on September 15, 1997 for the Downtown Ferry Terminal Project; and

WHEREAS, the Commission, with respect to the Downtown Ferry Terminal project, has reviewed and considered the Environmental Assessment and the Negative Declaration for the project adopted and issued by the San Francisco Planning Department on August 7, 1997; and

WHEREAS, the Negative Declaration included mitigation measures to address biological impacts (page 46) by not undertaking any hydraulic dredging from November 30 to June 1, and not undertaking any dredging, demolition or construction from December 1 to March 1 unless the Port enters into an agreement with the State Department of Fish and Game the S. F. Bay Conservation and Development Commission to allow specific construction activities ("Biological Mitigation"); and to address air quality

impacts (pages 60-61) through normal construction air pollution control measures ("Air Quality Mitigation"), now, therefore, be it

RESOLVED, That the Commission hereby finds that they have reviewed and considered the Negative Declaration for the Downtown Ferry Terminal Project; and, be it further

RESOLVED, That the Commission hereby adopts the Negative Declaration for the Downtown Ferry Terminal Project; and, be it further

RESOLVED, That the Commission hereby adopts the Biological Mitigation and Air Quality Mitigation measures included within the Negative Declaration; and, be it further

RESOLVED, Based on the information and analysis contained in the record, including without limitation the Environmental Assessment under NEPA, and the Negative Declaration under CEQA, the Commission finds that the proposed project will have no significant impact on the environment and adopts and incorporates herein by reference thereto the findings of the Final Negative Declaration, Case No. 94-380E issued by the Planning Department, a copy of which is on file with the Port Commission Secretary for this item, and further finds that no additional environmental review is required for the reasons set forth below:

The Downtown Ferry Terminal is within the scope of the development analyzed in the Environmental Assessment and Negative Declaration,

Modifications incorporated into the Project and reflected in the Downtown Ferry Terminal will not require major revisions to the environmental review documents due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified and significant effects.

No substantial changes have occurred with respect to the circumstances under which the Downtown Ferry terminal Terminal will be undertaken which would required major revisions to the Environmental Assessment and Negative Declaration due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Environmental Assessment and Negative Declaration.

No new information of substantial importance to the Downtown Ferry Terminal has become available that would indicate: (i) the Downtown Ferry Terminal will have significant effects not discussed in the environmental review documents; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (iv) mitigation measures or alternatives which are considerably different from those in the Environmental Assessment and Negative Declaration would substantially reduce one or more significant effects on the environment.; and, be it further

RESOLVED, The Commission requests the San Francisco Public Transportation Commission and the Board of Supervisors to accept and expend Federal Transit Administration (FTA) funds on behalf of the Port for the Downtown Ferry Terminal project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 27, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Presentation and Status Report on Various Projects in the Ferry Building Area.

The Ferry Building is a center for waterfront activity and proposals. These include the proposed rehabilitation of the Ferry Building itself and, in the immediately surrounding area, the extensive work underway to reconstruct The Embarcadero and its public spaces, the proposed Waterfront Organ Pavilion across The Embarcadero from the Ferry Building, the adaptive reuse of Pier 1, the Downtown Ferry Terminal Project, and an expansive new Ferry Terminal Concept that responds to the bold new vision of the Blue Ribbon Task Force for Bay Area Water Transit. These projects are all reflected in a Ferry Building vicinity model that ROMA Design Group has prepared which will be available for viewing at your July 27th meeting.

The Embarcadero work is proceeding on an accelerated schedule. Herb Caen Way and tree-planting improvements will be largely completed this summer. The remaining roadway work is expected to be completed in February 2000, and the historic streetcar line is expected to extend from Market Street onto The Embarcadero shortly thereafter.

The **Waterfront Organ Pavilion** concept will be presented by Jim Haas, Chair of the Committee for a Waterfront Organ Pavilion, assisted by Christopher Putnam of the S.F. Chapter of the American Guild of Organists and Boris Dramov of ROMA Design Group. The organ was originally created for the Panama-Pacific Exposition and has more recently been in storage awaiting a suitable and appropriate facility.

This Print Covers Calendar Item No. **8B**

The **Ferry Building** is the subject of exclusive negotiations between the Port and Wilson Cornerstone for renovation of the building under a long-term lease. A ground level public market emphasizing fresh and prepared foods and dining establishments would be coupled with upper level Class A office space. The rehabilitation work would meet the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. Consideration of the Lease Disposition and Development Agreement and the Ground Lease is expected to come before the Commission within about a month. Construction is anticipated to begin in January 2001.

Pier 1 is scheduled to begin construction this August and to be completed in time for the Port to move into its new offices in December 2000.

The **Downtown Ferry Terminal Project** is planned to go out to bid this August, with construction beginning in the fall and continuing for about 16 months. The more expansive **Ferry Terminal Concept** was presented to governmental officials from neighboring jurisdictions at a Ferry Terminal Conference on June 25th to provide a sense of work already underway or reasonably contemplated in response to the Blue Ribbon Water Transit Task Force's recommendations to create and promote a Bay Area Water Transit Initiative. Consideration of a resolution endorsing that Transit Initiative is before you separately on the calendar for your July 27th meeting.

Prepared by: Alec Bash, AICP, Waterfront Planner—Special Projects

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Resolution Endorsing the Bay Area Water Transit Initiative.

RECOMMENDATION: APPROVE ATTACHED RESOLUTION ENDORSING THE BAY AREA WATER TRANSIT INITIATIVE AND TRANSIT AUTHORITY.

The Bay Area Council and the Bay Area Economic Forum have been leading a major effort to introduce a comprehensive, high-speed water transit system to serve the Bay Area. At the direction of the California State Senate, they formed a Blue Ribbon Task Force, co-chaired by the Mayors of San Francisco, Oakland and San Jose. The Task Force has recently completed a comprehensive study and forwarded a Vision and Conceptual Design to the State Legislature. Senator Don Perata has authored Senate Bill 428 which would form a new Bay Area Water Transit Authority, effective January 1, 2000.

The Port hosted a Ferry Terminal Conference on June 25, 1999 to provide other Bay Area jurisdictions the opportunity to learn from San Francisco's efforts in responding to the potential of Bay Area waterborne transportation. As you are aware, the Port through its Downtown Ferry Terminal Project proposes to expand ferry capacity at the Ferry Building from four berths to six berths, with construction anticipated to begin later this fall. The two new berths, on the south side of the Ferry Plaza, will be protected by a new breakwater creating a sheltered basin that ultimately could accommodate six berths. The Port also proposes two additional ferry berths at China Basin Channel, with construction also anticipated to begin later this year. The Hunters Point Naval Shipyard, Pier 48 and the Mission Bay Sixteenth Street vicinity are other possible ferry terminal locations.

Protecting and enhancing the environmental quality of the Bay Area has been cited by Task Force leaders as a cornerstone principle of this proposed new high-speed water transit

This Print Covers Calendar Item No. 8C

system. It will be designed to reduce traffic congestion and improve air quality in the region, and receive extensive environmental analyses and evaluations to ensure meeting meet both state and federal standards before proceeding with the transit system.

The Bay Area Water Transit Initiative offers the potential for greatly increased ferry service between San Francisco and other locations throughout the region, which would be most beneficial to the City and the Port. Accordingly, staff has prepared the attached resolution endorsing the concept of a proposed San Francisco Bay Water Transit System and the improved connections to and from San Francisco and throughout the Region.

Prepared by: Alec Bash, AICP, Waterfront Planner—Special Projects

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-52

WHEREAS, the San Francisco Bay Area populace has consistently ranked traffic congestion as the highest or among the highest regional concerns; and

WHEREAS, the bridges crossing San Francisco Bay are generally the most constricted travel corridors; and

WHEREAS, the California State Senate directed the Bay Area Council and Bay Area Economic Forum to create a Blue Ribbon Task Force to form a regional action plan for water transit on San Francisco Bay for the next century; and

WHEREAS, the Blue Ribbon Task Force held numerous public hearings and issued its report with recommendations including a "bold, new vision" for expanded ferry service; and

WHEREAS, residents, workers, visitors and businesses in San Francisco enjoy the considerable benefits of water transit service through existing ferry operations provided by the Golden Gate Bridge, Highway and Transportation District, the City of Vallejo, the Port of Oakland, the City of Alameda, Harbor Bay Isle and the Blue and Gold Fleet ferry operators, and appreciate the considerable convenience and beauty, the historic and maritime culture, and the economic benefits and emergency importance of water transit; and

WHEREAS the Port of San Francisco seeks continued water transit improvements as recommended in the report such as increased frequency, improved facilities, and expanded service to wider locations around the Bay; and

WHEREAS the Port wishes to encourage water transit facilities in other waterfront locations along San Francisco Bay and adjoining waters; and

WHEREAS expanded and enhanced water transit facilities can help to alleviate automobile and other land-based vehicular congestion and associated noise, fumes and fuel consumption; and

WHEREAS protecting and enhancing the environmental quality of the Bay Area is a cornerstone of this initiative, which is designed to reduce traffic congestion and improve air quality in the region after undergoing extensive environmental analyses and evaluations to ensure meeting both state and federal standards; and

WHEREAS, the Port of San Francisco is already undertaking expansion of its ferry facilities at the Downtown Ferry Terminal and China Basin, and has identified additional opportunities to further expand its land-side capacity for ferry berthing; now, therefore, be it

RESOLVED, that the Port Commission hereby endorses the Bay Area Water Transit Initiative and the continued expansion of ferry services for San Francisco and throughout the San Francisco Bay Region.

I hereby certify that the Port Commission at its meeting of July 27, 1999 adopted the foregoing Resolution.

____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

July 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Revision to Executive Director Compensation for 1999/00

DIRECTOR'S RECOMMENDATION: APPROVE THE 1999/00 COMPENSATION FOR THE EXECUTIVE DIRECTOR

Charter Section 3.581(h) grants the Port Commission the exclusive authority to set the compensation (salary and benefits) of the executive director.

At the meeting of April 13, 1999, the Port Commission approved an increase in the Port director salary from $141,664 to $148,509 per year. In formulating the salary increase, the Port Commission considered the then current salaries of other West Coast port directors and other City department heads. Since January 1999, when the salary survey was completed, there has been some salary increases.

In light of these changes, the Port Commission has decided to reconsider the Port Director's salary. A recommendation has been made to increase the salary to $158,000 effective August 1, 1999. Fringe Benefits will be the same as MEA members.

Prepared by: Ben Kutnick, Director of Finance & Administration

This Print Covers Calendar Item No. 9A

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-51

WHEREAS, Charter Section 3.581(h) grants the Port Commission the exclusive authority to set the compensation for the Port Director; and

WHEREAS, In the past several years, annual increases to the compensation for the Port Director were set the same as those of members of the Municipal Executive Association (MEA), as negotiated between the City & MEA; and

WHEREAS, At the meeting of April 13, 1999, the Port Director's salary was increased from $141,664 to $148,509 consistent with salary increases of MEA; and

WHEREAS, The Port Director salary has, in recent years, fallen behind that of other West Coast port directors; and

WHEREAS, That the compensation for the Port Director for Fiscal Year 1999/00 be increased to $158,000 effective August 1, 1999; and, be it further

RESOLVED, That the Fringe Benefits for the Port Director for Fiscal Year 1999/00 be the same as MEA members.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 27, 1999.

Secretary

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
4:00 P.M., TUESDAY, JULY 27, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 4:15 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - June 29, 1999 Special Meeting
- June 29, 1999 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the June 29, 1999 Special Meeting were adopted.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the June 29, 1999 Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Douglas Wong reported the following:

1) Last year, the Port executed a one-year lease with Nippon Sharyo for a portion of Shed A at Pier 80 for the discharge and final manufacturing of Caltrain rail cars. Today, the first vessel arrived from Japan with five Caltrain rail cars aboard marking the start of the manufacturing process at Pier 80. Four more vessels with the balance of the railcars will arrive over the course of the next year. He thanked Peter Dailey and his staff for their marketing efforts.

2) The Port received four respondents to the Bryant Street Pier Project RFQ/P: Urbatech; Forest City Development and P&O; San Francisco Cruise Terminal LLC; LCOR Corporation and AeroSea. Staff anticipates completing review and evaluation of the submittals in August and will keep the Commission abreast of its progress.

3) On Friday, July 30 at 11:30 the Port's annual barbecue will be held at Pier 50, Shed A. He invited the Commission and the public to join Port staff.

B. Approval of naming the Ferry Building Plaza in honor of Harry Bridges, former President of ILWU and former Port Commissioner. (Resolution No. 99-55)

Ms. Veronica Sanchez, Manager of Governmental Affairs, indicated that this item is brought to the Commission at the request of the Board of Supervisors and the Mayor. She introduced Supervisor Sue Bierman, the author of the legislation.

Supervisor Bierman indicated that she was proud and honored to sponsor the legislation honoring Harry Bridges. She met Harry Bridges through his 3-year-son. During the McCarthy era, Harry Bridges was threatened to be deported but he fought back. He became a leader for this City. The naming of this plaza in his honor is a fitting tribute for Harry Bridges.

Ms. Sanchez stated that the item before the Commission would designate the plaza as the Harry Bridges Plaza. Staff is working with the Harry Bridges Committee and the Department of Public Works and other appropriate City agencies as well as other interested committee members to find the appropriate memorial to commemorate Mr. Bridges long legacy to the waterfront, not only as a labor leader but as a Port Commissioner. Under the leadership of Dan Hodapp of the Port's Planning Division, the process has begun and will keep the Commission apprise of its progress.

Mr. William T. "Bill" Ward thanked the Commission for the invitation to address a very important subject matter. He met Harry Bridges in 1938 when he was a teenager. His father was the president of a local union at Los Angeles Harbor. Mr. Bridges and his father spent many long hours around their dinner table trying to figure out how they could tackle the boss the next day. He is an advocate of this plaza named after him for the reasons that he is one of the finest and most honest gentlemen. A person that could not be better chosen as a representative of this City and its working population. Over the years, Mr. Bridges has sponsored and has been involved with many things, starting with having the courage to refuse load scrap iron that was bound for Japan prior to World War II. He warned that the scrap iron would come back in the form of bullets and bombs. He again warned several times after the war was over that there was a peace accord available in Korea and we did not have to be in the war. He advocated using the peace process that the United Nations and President Truman have offered at the time. For that, he was put in jail. All these things were the principles that made Harry the greatest advocate of human relations that this country has ever known. In addition to being the champion of the worker, he was also a champion of the peace. If there's a way to avoid hostility, he would take that route. That was evident in his 40 years as president of the International Longshore and Warehouse Union. There were only two major strikes in that 40 years. Today, the guidance that Harry offered up and down the West Coast is still evident. Mr. Ward worked on the docks for 41 years on the docks and has been retired for 9 years. He is enjoying the fruits of his labor through a very adequate pension system and a system of medical care that covered both he and his wife as well as children through the age of 19. All of these things were done in the name of the ILWU and Pacific Maritime Association. What Harry brought to labor relations is peculiar only to this West Coast. It's a different kind of labor relations. It goes back to the idea that Harry always cherished. He always had the idea that if you give out an honest day's work, he could get you an honest contract. That's what he thought them, that was the way they grew up and

that's the way they approach the industry. The reason this industry is so great now, in the economy of California, is the fact that probably 65% of the imports that come across the docks in California go out of the state into the United States. It's a great tribute that the Port is offering and it's a greater tribute to his union and to those who were fortunate enough to know him and worked with him. He had that pleasure for 40 years as a national officer of the ILWU. It's the time of his life that is cherished and one that's made him a better human being.

Mr. Cleophas Williams thanked the Commission, Commissioner McWilliams in particular, for the invitation to speak in support of naming the plaza in honor of Harry Bridges. He commented about the Ferry Building. It was February 15, 1944 that he was registered in this building under the name Jimmy Sutter. He had an office here working for the Human Resources Department, a liaison for the unemployment office. Mr. Bridges signed him up in this building. He is a retired longshoreman and former President of IWLU Local 10 located in San Francisco. He represents the San Francisco ILWU Pensioners Club which consist of retired members of Local 6, Local 10, Local 34, Local 75 and Local 91 of the ILWU. He spoke for their common concern that the new plaza be named the Harry Bridges Plaza in memory of a great man who made San Francisco his adopted home and brought great honor and recognition to it while he found the ILWU Union, which has brought economic justice and dignity to the working people of this City, without regard to race, sex, religion or national origin. The recently ILWU/PMA negotiated contract is a tribute to the foundation that Harry laid. He believed that the welfare workers and the managers are equal components, both are necessary for a healthy industry. Their current 3-year contract carries his word. They believe that the inherent peace and harmony at the Port is for the benefit of all of us. He appealed to the Commission out of respect of this great man, out of respect and honor to his wonderful union that brought so much to this area, that the Commission names this plaza as Harry Bridges Plaza.

Mr. Sam Kagel stated that he was at the waterfront in 1932 and again in 1934 during the strike. He was a member of the joint marine strike committee and a member of the general strike committee. Harry Bridges, in 1932, with a large number of other longshoremen were making efforts to get rid of a company union which have been on the docks from 1919 until 1934 and their efforts to get rid of that union were successful. When 1934 occurred, Harry was already beginning to be a leader. The local union, Local 10, under a different number on those years was reestablished. The longshoremen left the designs of the company union and Harry and his group decided that they needed to have a contract. The employers at that time refused to meet on a contract. Harry took the leadership of bringing all the local unions and the rest of the coast to a meeting in San Francisco and they proposed certain demands. One of them was for the hiring hall, which is key to the longshoremen and which was to get rid of the "shaper" that was used in getting a job in San Francisco. Between 1919 and 1934, you have to shape up in front of the pier and at that point you could be selected by a walking boss for a job that led to a lot of bribery and other bad conditions. As far as the longshoremen were concerned, hiring hall became number one issue. The demands were drafted for the entire coast. The employers were asked to leave. Mr. Kagel summarized the 85

days of strikes. On May 9, 1934, the longshoremen plus the maritime unions walked off and joined the strike; approximately 25,000 up and down the coast, went on strike. At the time that the strike occurred, this Port was shut down. There were 90 ships sitting on the bay and in various piers. The employers had employed strikebreakers. They had two ships that were kept at the docks and were loaded with strikebreakers who were used for the purpose of unloading the ships. There was no way of getting the goods off the piers. The teamsters were very cooperative at that time with the longshoremen. The Port is closed from May 9 through July 5. At that point, the employers decided that they were going to open the Port. The waterfront employers union turned over the conduct of the strike to the industrial association which consisted of major employers and financial interest in this City and whose purpose was to break the unions. They set up an outfit called the Atlas Trucking Company, got a couple of trucks, rented a warehouse from one of the piers and they were going to open the Port. On July 5, they made that attempt. With that attempt, they had a riot. Roy Bryer of the San Francisco Chronicle called it a battle. It is now known in history as the battle of Rincon Hill. That battle raged for hours up and down the waterfront including the area in front of the Ferry Building. The climax of that battle was two men were shot at the corner of Steuart Street. One was a longshoreman and one was a marine cook. Those two men became the key to the next event, which was the general strike. After they were shot, there was a funeral procession up Market Street including thousands not only of longshoremen but also of other trade unions and people who were not even connected with the union movement. After they were buried, at that point in time, there was a demand for a general strike. They had what has been referred to as a general strike in 1934, it really was a general sympathy strike. Not a general strike in the sense that everything was shut down. Ferryboats were still running, newspapers were still being published, electric power was still being supplied. In any case, it stopped the town. The teamsters decided to join the general strike. When they did that, the employers were in a position, who were fighting the union at that time, not only with reference to the waterfront but the entire commerce of this City would have been stopped because teamsters included bakery wagon drivers, milk wagon drivers, retail drivers, and general drivers. It was a real crisis. Interestingly enough, the labor council at that time, was headed as far as the strike is concerned, by a man named George Kidwell, the bakery wagon driver. Mr. Kidwell, who studied in Seattle, was a very intelligent man. He determined the state of the public and indicated that the strike needs to end fast because any general strike would develop so much internal pressure that it will blow up in their faces. Under the tutorage of George Kidwell, the committee passed a resolution. The resolution was addressed to those people in the waterfront because they were all part of that general strike committee and asking them to arbitrate all differences so far as the longshoremen were concerned. At that point in time the longshoremen did not object to arbitrating to their demands. They were now insisting that they would not settle unless the problems of the maritime unions were settled because in the meantime all of the maritime unions had joined the strike. The committee told the employers to agree to meet with the maritime unions and when they established that they represent their people, they have to negotiate and arbitrate if necessary. That pressure happened four days after the general strike started. The general strike did not last very long. The unions who were confronted

with that particular proposal, the longshoremen said that they would go if the employers would agree to also deal with the maritime unions. The Hearst Newspapers' attorney in San Francisco met with all the ship owners at his house and told them that the waterfront situation had to be settled. They would have to agree to the general strike committee's proposals and they did not have a choice. Since he also controlled the other end of the newspapers, the following day, the Examiner issued a statement that the employers had accepted the demands of the strike committee. That started the end of the strike. As far as the longshoremen were concerned, their demands went to an arbitration board, appointed by Franklin Roosevelt, consisting of Archbishop Hannah, O.K. Cushing, a San Francisco attorney, and Ed McGrady, the assistant secretary of labor to Madam Perkins. That board had hearings in Portland, Seattle, San Francisco, San Pedro and in October 1934, they issued their decision. Their decision included a recognition and a grant to the longshoremen's demands. That became the first agreement of the longshoremen in San Francisco.

Harry was the leader on all of this. He was the leader in getting rid of the old company union. He was the chairman and the leader of the joint marine strike committee. He was active on the general strike committee at the labor council. He represented the union members in negotiations. Harry had a style which he followed throughout his entire life, as an officer. He did not go out on his own. He always conferred with those on the committee. He always took matters up with the membership of his local union. He always believed that he could only represent persons who believed in what he is suggesting or accepted suggestions from them. He was a very understanding man who did not try to be a leader in the sense of being a dictator. He was a man who believed in democratic approach to all problems and he carried that out in all his activities. He knew Harry in 1932 and all of his life. He always operated in the same manner.

The Port Commission is doing something for a man who brought nothing but good to the City, the Port, the entire coast and the world. He was a person to be understood. He was not a dictator. He was not a gangster. In the Pacific Coast, none of that is going on in large measure to the democratic manner in which Harry always conducted his role. He is always been the man who insisted that there be no discrimination with reference to race, gender, political status or any other. He congratulated the Commission for doing something for someone who deserves it.

Mrs. Nikki Bridges stated that Harry Bridges always said to her that, "we don't ask for a chance to fight, we just ask for a fighting chance." Harry Bridges was born in 1901 in Melbourne, Australia at the height of British Imperialism. His English father had unfortunately married an Irish mother so there was a conflict in his family from the beginning. When he was a little boy, his mother would send him to the post office to mail a letter to Dublin. She would say, you can use only a penny stamp. For him to cover the amount of postage required on the envelope, he would have to paste penny stamps across the top, down the side, turn the envelope over and paste penny stamps all across the back. One day, he came home and asked his mother why he couldn't use a schilling stamp. His mother said, never. The schilling stamp had a picture of King George and no son of mine is going to

lick the other side. Harry Bridges was enamored with the works of Jack London. He was itching to get to where he had been on the West Coast. They came to San Francisco in 1922. He rose to leadership in the ILWU. In 1936, he became President of the ILWU and he retired in 1975. During that period, he was elected every two years by the general membership and he died in 1990. Between times, he organized. When he was sailing, he would go to places like Bombay and Macau and he noticed the class and color inequities that people suffered from. He noticed that they couldn't improve their lives and there was no hope for children because they had no access to education. In the United States, Harry studied the Constitution thoroughly. He knew what a person's rights were in the U.S. In the 1934 strike, men who had nothing, came together, they stood firm and they got a union and hiring hall. They took control of their lives. They had a say on their wages, hours and working conditions and gave hope to workers throughout the country. Harry was so determined that there be democracy in his union that he built in a clause that allowed for any officer to be recalled by a 15% vote of the membership. Fortunately for him, they did not recall him. He was aware that in 1919 scabs broke the strike.

In 1934, on Sundays, Harry would be in the black churches talking to the congregation about the merits of the strike and promising that if they did not scab, they would get full membership in the union with all the rights and privileges like everybody else. Afterwards, the membership were opened to black workers. In 1934, they had a membership of 30 – 40% blacks. They continued in that spirit. In the 1990's when Nelson Mandela came to Los Angeles and Oakland and spoke about apartheid, he mentioned Harry Bridges by name as the person who led the union that took a stand and made a difference. Harry was very busy; he was forging links to waterfront unions throughout the world. After all, the ships were just floating factories.

In 1948, when President Truman announced that he would have his troops load and unload the ships, Harry sent out wires to his colleagues throughout the world. Quickly there came messages to the White House from Germany, France, Asia, South America and all over the world, saying if you send those ships over, we will not touch them. They will sit and rot in the harbor. The idea was then quickly dropped. Harry was a target for deportation. There was a bill passed in the House called the Bill of Attainder saying that no matter what the FBI finds, this man is going to be deported, guilty or not. Harry was given credit for giving full employment to FBI agents. In the course of fighting deportation, he received three Supreme Courts notices saying that he was not guilty trying to overthrow the government by force or violence. He was a lucky man. He was able to realize his vision and create power. He brought about social change such as changes in child employment, social security, disability, and unemployment. All of those things took place during the 40's and 50's. There was an economic revolution that brought hope to workers and unfortunately, despair to employers. Mrs. Bridges mentioned the scrap iron situation in 1936 when Harry's union stopped loading scrap iron for Japan. He got a wire from Cordell Hull who was then the Secretary of State saying stop interfering with peaceful relations between two well-meaning allies. When Bill Moyers interviewed Harry toward the end of his career, he asked

if it was true that Harry was interfering in State business. Harry said, "Certainly, it is our right and our duty to do those things when our country is going into the wrong direction." As a result, the Chinese school children staged a demonstration around the waterfront. She has a tape that says, "Thank you longshoremen, thank you longshoremen." Sixty years later, she still finds that very touching.

Mr. Ed Flynn thanked the Commission for the opportunity to endorse a memorial to Harry Bridges. Much of what has been said by earlier speakers represents his thoughts toward Harry. He emphasized that Harry was one of the country's great labor leaders. He was great because he put the union before himself as noted by Sam Kagel. The decisions were not made by Harry but by the members of the ILWU. In addition, Harry had a vision and there were some things that were done before he became the President of the ILWU that he endorsed. In addition, Harry had integrity. Integrity is important to a person who has dealt in negotiations with somebody on the other side of the table. He had the privilege of sitting across the table from Harry as a representative of the Pacific Maritime Association from 1971 until Harry retired in 1982. Harry believed that the members ran the union. During the 1971 strike, a meeting was set up by Federal Mediation & Liaison Service for him and Harry to meet with Nixon in Portland, Oregon. It was important to the President that the strike on the West Coast be settled because there was also a longshore strike in the East Coast and the Gulf Coast. He and Harry met with Nixon. Nixon did what he could to try to get the parties back into negotiations. Most labor leaders, union presidents would have told the President, "I would do whatever is necessary to accomplish that." Harry never said, I will do, he said, "The members will have to decide whether we have to go back into negotiations after this meeting." The President told him and Harry that if we had an agreement in about a week or ten days, he would fly them back to Washington on board Air Force One and sign the contract in Washington. Harry still said that it would be up to the members to vote to go back into negotiations. He ran the union that way; it was not Harry Bridges; it was the ILWU. That was his life. People close to Harry might have some difficulty being second fiddle to the union.

Harry had a lot of vision. That vision was demonstrated in 1960-1961 when the 5-year M&M agreement was negotiated with the ILWU and PMA. It was a recognition by Harry that containerization was here and they had to reach agreement with the employers as to how to handle it. It meant the loss of jobs to potential members of the ILWU. Nevertheless, as far as Harry was concerned, he could see the handwriting on the wall. Harry did get return from some of the concessions made in the development of the Modernization and Mechanization (M&M) agreement. It went on for five years; and in 1966, it was renewed. That was the vision Harry was able to see. He had vision not only in dealing with employers but vision in every other thing. There was no question that Harry had integrity. When you make an agreement with Harry, you can count on that being kept. He was privileged that what Harry promised he kept. There was only one promise that he did keep which he wished he hadn't keep i.e. towards the end of negotiations in 1971, it was clear they were making a headway and Harry confided in him that there will be a strike and it happened. He was sorry that was a promise that he kept.

The Commission has an opportunity to honor one of our great labor leaders. In his life, he has dealt with many unions in the printing industry, craft unions, industrial unions, shipping industry, mining and he has met no union leader that can top Harry Bridges in his devotion to unionism and welfare of his members and also to the community. Mr. Kagel made it clear that some of the things that Harry did were beneficial to the City of San Francisco. He heartily endorsed the consideration of a memorial in the name of Harry Bridges.

Mr. Bob Pfeiffer, Chairman of the Matson Navigation Company, stated that he has been in the maritime industry for 62-½ years. He has known Harry from Hawaii and known Harry here for many years. He participated as an employer/member of the negotiating committee for the M&M agreement. He has known many labor leaders. Harry Bridges was the most honest labor union member he has ever known. He also was a dear friend of his. Harry's word was good. When he made a deal, he kept it. You didn't need a paper or a contract. He was first and foremost for the union and never let the employers know otherwise. He also was a good businessman. When they first started talking about containerization in 1956/57, Harry told his members, "The machine is coming and we better get a piece of the action." That was his approach. Harry was good for the members of the union, good for other working men, good for the business community in San Francisco and the rest of the United States because he brought stability and honesty. It would be a great tribute to name the plaza after Harry Bridges and would certainly be well deserved.

Mr. Piero Patri was representing himself and his family speaking in support of the Harry Bridges Plaza. In the 30s as a youngster, he remembered that when his father was designing posters and pamphlets for the longshore and warehousemen and marine cooks, he and his mother were giving fundraisers at home to keep Harry from being deported. Even then, as a child he was impressed by the fire in his eyes and his powerful profile. Of all many forces that have created this unique City, in his opinion, there are three great events that stand out in setting the direction and character of San Francisco: (1) the Gold Rush (2) the Great Earthquake and Fire in 1906 and (3) the 1934 General Strike and its aftermath which successfully brought the labor union movement to full strength in San Francisco and revived the candid spirit of San Francisco that was faltering in the depths of the depression. Harry Bridges was the person who most symbolized all those who struggle and died to accomplish this. He and his family strongly support proposal to name the plaza in front of the Ferry Building the Harry Bridges Plaza and to commemorate him in what he represents with a significantly sized and prominently located memorial in the plaza.

Commissioner Hardeman commented the humbleness of Sam Kagel, who in his opinion, is the father of modern day arbitration. He should be recognized and it's an honor to have him at the meeting.

Commissioner McWilliams indicated that he looked forward to and it would be a

great honor for all of us to hear all the contributions that Harry made for the working people in the City in the Harry Bridges Plaza. The plaza naming will be a great honor for Harry's name and the ILWU and the working people of the City and the labor movement in general. To honor one of their own is a wonderful thing. He thanked all the people who worked so hard to make this happen. He particularly thanked the speakers who educated us and shared with us their memories and experiences of Harry and the early days of ILWU in building this great labor movement. For what was the busiest port in the whole coast, it's a very appropriate acknowledgement not only for a man but a movement that had such a profound impact on working people's lives not only in this City and in this nation but also in the world. He thanked everyone for being here to support this. He looks forward to seeing all of them at some of the events at the Harry Bridges Plaza and hearing more about the great history of working people and the history of what it took to build what we have and enjoy here today.

Commissioner McCarthy thanked the speakers for coming and telling us so much about the history of San Francisco and the Port. The speakers made it come alive and have educated us. Each speaker brought some difference into the story. Their stories were both moving and wonderful. She looks forward to seeing them all at the Harry Bridges Plaza dedication.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 99-55 was adopted.

C. Informational item on First-Source Hiring Plan for Port leases, development projects and construction contracts, pursuant to San Francisco Administrative Code Section 83.4.

Ms. Veronica Sanchez, Manager of Governmental Affairs, indicated that this is the City's First Source Hiring Plan. In the 1930s and 1940s under Harry Bridges leadership, they developed and opened new job opportunities in our community. They were so successful through the trade movement. In the 90s going into the next century, we still have the same challenge of how to open up jobs particularly for the disadvantaged communities.

The First Source Hiring Program is a cooperative effort between businesses, the job training community and the City to ensure that qualified economically disadvantaged people have the first opportunity to apply and be considered for entry level jobs in City funded or sponsored contracts. This initiative is part of the City's response to providing opportunities to transition individuals from welfare to work and/or other individuals involved in job training programs. This is a model program in our country. The Port is requiring that any entry level jobs be first given opportunity to be filled by a job corps that the City has established. In essence, there is an opportunity for the Port to provide entry level job opportunities in our own contracts, whether it's for the construction contract for the Downtown Ferry Terminal or the development project such as Pier One or real estate leases. Employers must notify the City of all entry level jobs on their Port leased premises

or work site. A good faith effort must be made to consider and fill and retain entry level positions with qualified candidates referred from the system. Port staff tried to make the requirements simple and “user friendly” for our staff, tenants and contractors. As of October 1, 1998, placeholder language was inserted into all Port leases, construction contracts and development agreements requiring tenants, developers, and contractors to comply with the ordinance. The group of real estate and maritime tenants who executed leases between October 1, 1998 and March 31, 1999 were sent Job Survey Forms and information packets on the First Source Hiring Program. The response from the Job Survey forms indicates that out of the 32 tenants who were sent forms, a total of 127 entry level jobs were produced. This is a significant statistic because it shows the job opportunities available to the Port for economically disadvantaged people. It shows to the community that we are meeting our mandate as a public port to provide good, meaningful employment at the waterfront. It is staff’s intent to present this plan to the Commission and distribute for comments to the greater Port community. Staff has worked hard in putting this item together – Port managers and legal staff have been extremely cooperative. Training sessions were also developed to make this program work and get the best results for the City. She noted that Virginia Elizondo, Deputy City Attorney, from the Dept. of Human Services worked very hard in drafting the legislation and its implementation. She also noted that this is Imani Haygood’s first job, expending spent countless hours on the project. This item will be brought back for adoption at the next Commission meeting.

In response to Commissioner McCarthy’s inquiry if this is the first time that the language has been included, Ms. Sanchez replied that the survey forms were tested with the existing tenants. Staff intends to get more comments. The Real Estate Division has spent several sessions with the tenants about the process. She noted that some tenants as they heard about this program even though they are not required to comply with the program because their leases are not new, they are actually calling and voluntarily asking for referrals because they are looking for entry level workers. It provides a pool of workers that have already been screened.

4. CONSENT CALENDAR

A. Approval of Sixth Amendment to Option to Lease Property with the Redevelopment Agency of the City & County of San Francisco extending the Term of Option to Lease the Dolph P. Rempp and Java House Parcels located along the Embarcadero between King and Berry Streets, through July 31, 2002. (Resolution No. 99-56)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 99-56 was adopted.

5. MARITIME

A. Approval of amendments to Port Tariff No. 4 regarding fish sales from commercial fishing vessels at Fisherman’s Wharf Harbor. (Resolution No. 99-48)

John Davey, Maritime Operations Manager, indicated that in May 1998, the fishermen of Fisherman's Wharf Harbor approached the Port with the proposal of conducting fish sales directly to the public from their boats. At the same time fishermen from Santa Barbara to Humbolt Bay were making similar requests from their respective Commissions. These requests were a result of the fishermen's desire to get what they believed was a fair market price for their catch, which they maintained they were not receiving from their traditional wholesale market. In addition there was a perception that the general public would enjoy a farmers-market-type atmosphere by purchasing fish directly from the boats. This activity they believed would motivate the local public to visit the wharf more frequently and for a purpose that was in keeping with the traditional use of the area as a fishing harbor.

Port staff responded by formulating basic guidelines that would allow this type of activity while at the same time protecting the health and safety of the public and our tenants. Staff contacted the California Department of Fish and Game, the San Francisco Health Department, the Department of Weights and Measures and the San Francisco Police Department to ascertain what permits and policies would be necessary to incorporate into a Port Policy. Staff also surveyed other harbors along the coast and collected their policy documents, experiences and concerns, and consulted with local fishermen and fish processors to determine how these guidelines would be implemented.

In July 1998, staff prepared a draft policy that included requiring the appropriate Fish and Game licenses, Health Dept. permit, Weight and Measures certification for scales and guidelines for berth assignments, advertisements, safety and sanitation. These guidelines were similar to those used in Pillar Point Harbor, Half Moon Bay, which had held public hearings and had secured their Commission approval. San Francisco fishermen, as represented by the Crab Boat Owners Association, also reviewed these guidelines. The Port's fish processing tenants response was mixed; however, no formal opposition has been received. Port staff allowed fish sales to proceed on a provisional basis to determine the effectiveness of the guidelines, observation of unforeseen negatives and the popularity and overall scope of fish sales by the fishermen to the public.

During the period of July 1998 and the end of September 1998, fish sales occurred and the following facts were noted. Fish sales took place in the inner Harbor, Pier 49 on Wharf J-3 and J-4. Sales on Pier 47 Wharf J-7, 8 & 9 were not successful due to their more obscured location. Sales generally took place on Saturdays and Sundays, with some sales on Fridays. This happened without limiting the sales to any particular days of the week. The average number of boats participating was 9 with a low of 2 and a high of 17 on a given day. There was roughly a 60/40 mix of local and out of town boats. The number of public who participated was not calculated; however, there was never an overwhelming crowd recorded, no accidents reported and the response could be generally characterized as positive and jovial. No conflicts were reported by the Fish Processors, some aided the sales by supplying ice and scales.

In the period between the end of September 1998 and April 1999 staff met with the

above-mentioned agencies, with the Crab Boat Owners Association, Fish Processors and local members of the community and it was determined that a formal policy should be adopted by the Port to establish a regular permitting of fish sales by the fishermen at the Port. A policy was drawn up and a community meeting was held on May 12,1999 at Fisherman's Wharf that was attended by over 50 fishermen, fish processors, agency representatives and interested community members. The Policy for Conducting Fish Sales from Vessels at Fisherman's Wharf Harbor was a result of that meeting.

Port staff recommends that a policy for fish sales from vessels in Fisherman's Wharf Harbor be incorporated into Rule 34 – Terminal Tariff, Section 8 - Fishing Industry of Port Tariff No. 4. The negotiated compromise represents the best possible policy at this time for an experimental time period of October 2000.

Commissioner Lee asked about public liability. Mr. John Davey replied that legal staff has reviewed the policy and given the guidelines and restrictions on the sales, the Port's general liability policy would cover the activities that would take place between the dock and the boat. The public is not allowed to go down on the boats and there will be no fish stations set up on the docks. Commissioner Lee asked about the prohibition of selling crabs. Mr. Davey replied that as part of the negotiations, questions were raised by the larger merchants association that in order to support a preliminary policy that they were willing to support sales of fish but not crabs. They felt the sale of crab was encroaching to their business. At the same time, according to the Health Department, they are not endorsing or willing to extend their guidelines to include crustaceans, mollusks and roe at this time. Commissioner Lee indicated that if you allow the sale of fish in Fisherman's Wharf, they might not go to all the fish market in San Francisco. They are going to lose a lot of business and jobs. He asked if staff has investigated this. Mr. Davey indicated that the meetings were held to the extent that fish processors in the local area, restaurateurs and the Port Tenants Association were invited and asked to express their concerns. Fish sales have taken place at the wharf for many years. Initially, one of the original intents at fisherman's wharf was for the fishermen to have a place to not only tie up their boats but to market their catch. Processors and retailers grew out of original historical use of the wharf. He believes that there's room for market places.

Commissioner Brandon asked if the fishermen were able to sell crabs last year. Mr. Davey indicated that no crabs were sold last year, only fish. The Port did not have a policy to enforce other than shut to the operation down. Commissioner Brandon agreed with Commissioner Lee and asked why crabs are excluded and why the fishermen are allowed to sell one type of fish but not the other. Mr. Davey replied that in relation to the Health Department rules, it's the definition of species. At this time, crustaceans, mollusks and roe are not included in their guidelines for the sale of fish to the public. Commissioner Brandon asked if those should be included in the exception. Mr. Davey indicated that we could allow the sale of any type of fish that is harvested by the fisherman who is selling the fish and they can only catch fish during approved fish and game seasons.

Bob Miller, representative of the Crabboat Owners Association, thanked the Commission and Port staff particularly John Davey and Hedley Prince for their work. The guidelines before the Commission are a result of a lot of work. They are compilation of Health Department requirements and necessary licensing and supervision. By and large, it's an excellent guideline, with one exception. He supports the policy and hopes that the Commission supports it as well.

Last year, the fishermen received a fair price for their fish. People from San Francisco and other places in California got the freshest fish they could buy for a fair price. It was extremely a positive experience for everyone involved. The people enjoyed talking to the fishermen. People were coming from Reno, Modesto, Sacramento and other places. There was no competitive disadvantage to anybody including the fish markets. Most of the local fish markets do not get a chance to sell local fish. Most of the fish that are delivered in San Francisco end up in Japanese markets and other foreign markets. Very often our local fish markets and local restaurants have Alaskan salmon or farm fish from South America and Europe.

Mr. Miller indicated that the first draft of the policy did not include the first amendment i.e. the exclusion of crab sales. What it did say was only live crabs would be sold. A few of his members want to sell crabs because they could get more money than if they sell it wholesale. In their meeting yesterday with Lisa Palladino of the Department of Health, Ms. Palladino indicated that crustaceans cannot be sold from the boats at this time. She suggested that they meet and review the policy. The Health Department requires that crabs are delivered to consumers in healthy condition. This has pose problems to some of the people at the wharf who have crabstands and sell mostly cooked crab; however, there is no competition. Last year, they feared that the fishermen will put them out of business but nothing could be farther than the truth. Mr. Miller indicated that he would prefer to work with Ms. Palladino of the Health Department and work out the proper framework to allow crab sales but to limit them to live crab sales. They would prefer to go back to the original language that would not be entitled to sell anything other than live crabs and requested the Commission to delete the first amendment.

Commissioner Brandon asked how long it would take to work out the issues with the Health Department. Mr. Miller replied that crabs would not be available in the early part of the year. The Health Department is going to do some study. He intends to discuss with them how this would be accomplished. He urged the Commission to adopt this resolution without paragraph #1.

Commissioner McCarthy inquired about the Port's liability if paragraph #1 is deleted. Mr. Davey indicated that the Health Department regulations only allow the sale of fish although it was not specific about not allowing crab sales. However, for the Port's policy, it was important to name specifically what could and couldn't be sold. He is willing to take the language out but as a compromise include a language that states that this permit does not extend to include the sale of crab.

Bob Miller indicated that at this time, it is a moot point because the Health

Department would stop them from selling crabs. Until they reached agreement with the Health Department, nothing will happen. That's the reason for his request to take out statement #1.

Mr. Dailey complimented Bob Miller, John Davey, and members of the Fisherman's Wharf for working together on this matter. This is a difficult issue where nobody is going to be completely happy. John Davey is trying to get consensus on the policy, on a one-year trial basis. The Health Department has concerns pertaining to the sale of crabs. The policy could be amended at any time. He recommended meeting with Ms. Palladino, Bob Miller and John Davey to review the issue. Mr. Dailey indicated that he is reticent to go forward with any ambiguity to what is and what is not allowed. This would be a liability issue. The policy, as written, would prohibit crab sales and protect the public until the Health Department analyzes the situation further. It give the Port some guidelines to allow salmon to be sold. Staff will work closely with the Health Department and Bob Miller and will report back to the Commission on their progress. This policy will protect both the Port and the community.

Commissioner McCarthy asked if there are any additional changes to last year's policy besides the sale of crabs. Mr. Davey replied that this year's policy addresses harbor management rules as well as berth assignments.

Commissioner McWilliams commented that the fisherman's wharf community expects that this document is going to be discussed and did not anticipate any changes; otherwise, it would have generated more public testimony. This policy is effective through October 2000 and if relevant information should surface, it can be amended at any time.

Commissioner McCarthy expressed her reluctance to include the sale of crabs, as it is a health department issue. She prefers to have a policy in place and revisit the crab issue at a later time.

Commissioner Brandon asked about the crab season. Mr. Miller replied that the crab season starts in November and theoretically through June. Mr. Miller commented that it would be in the best interest of everyone to leave out amendment #1.

Mr. Dailey concurred with Commissioner McWilliams' comments i.e. it is the fisherman's community's understanding that this document will be presented to the Commission with their suggested comments. He felt uncomfortable making a change to the document without discussing it further with them. Mr. Dailey reiterated his earlier comments that the policy will protect the Port and the community.

After further discussion, Legal Counsel Ambrose emphasized that the tariff establishes regulations. By not having a policy in place, we are not able to point to management practices if someone is injured. With regard to crab sales, the Commission would be able to amend this tariff adding specific requirements.

Commissioner Brandon made a motion to exclude crab on the amendments. There

motion was not seconded; the motion died.

ACTION: Commissioner Hardeman moved approval; Commissioner McWilliams seconded the motion. Three of the Commissioners were in favor. Commissioners Brandon and Lee cast the dissenting votes. Resolution No. 99-48 was adopted.

6. REAL ESTATE

A. Approval of assignment of Lease L-7494 from Cresci Brothers, Inc. to Francis Y. Chu & Jyi Jeng Hwang to operate approximately 927 square feet of retail space on Taylor Street at Fisherman's Wharf. (Resolution No. 99-60)

Mr. Philip Smith, Director of Real Estate, indicated that in May of 1970, the Port entered into a sixty-six year lease (L-7494) with Cresci Brothers, Incorporated ("Tenant"). The lease is for approximately 927 square of retail space, "to conduct a gift shop in the inside area and sell postcards, gifts and retail seafood and bread from the sidewalk stands which are a portion of the area."

In February 1996, the Port Commission approved an adjustment to the Cresci Brothers percentage rent as follows: food 5%, beverage 6.5%, and other sales 6.5%. The Tenant's Lease L-7494 requires Cresci Brothers, Incorporated to obtain the written consent of the Port, which consent shall not be unnecessary withheld, prior to any assignment. Tenant has requested an assignment of Lease L-7494 with reservation of rights from Cresci Brothers, Incorporated to Francis Y. Chu and Jyi Jeng Hwang ("Assignees"). There are no plans to make any change in the use of the premises under the Lease by the proposed Assignees. Port staff has established that the Assignees are creditworthy and confirmed that the Assignees are aware of the proposed Living Wage Ordinance and the potential impact that said Ordinance could have on this lease. Port staff investigated the underlying of the pier structure and apprised both the assignee and the current tenant that work needs to be done, which is their responsibility and not to exceed $10,000. Tony Cresci of Cresci Brothers has also agreed to personally guarantee the lease for the remainder of his term on the condition that all notices be served concurrently and Cresci Brothers, Inc. be allowed ten days in addition to the 30-day requirement currently provided in the lease to respond to all notices.

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. Resolution No. 99-60 was adopted.

7. FACILITIES & OPERATIONS

A. Authorization to execute Contract Modification No. 1 for Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B, and C," with Dutra Dredging Company. (Resolution No. 99-57)

Mr. Alex Lee, Director of Facilities & Operations, indicated that staff is requesting

Commission's approval to modify Contract 2655 for an additional sum of $1.2 million to Dutra Dredging Company. Contract 2655 was awarded to Dutra for maintenance dredging at Pier 35 East and West and for Pier 80 Berths A, B, and C. The contract was awarded for $1,778,565.00 with a 15% contingency. New requirements contained in the Long Term Management Strategy for the Bay developed by the Dredging Materials Management Office, a group comprised of State and Federal regulatory agencies, limit the amount of time allowed for in-bay dredging to six months per year, from June 1 through November 30. This modification will allow the Port to begin dredging and support its maritime activities as soon as possible. The modification will add the Central Basin at Pier 70 to support the San Francisco Drydock, Hyde Street Harbor and the Downtown Ferry Terminal dredging to reduce construction cost. Port staff negotiated slightly higher rates for the Hyde Street Harbor dredging due to the site difficulties and limited dredge volume. Contract Modification No. 1 will bring the total contract value to $3,236,150. The Human Rights Commission has approved the proposed Contract Modification, subject to Port Commission approval.

Tom Commins, Inland Boatmen Union representative, indicated that their union has a long-time dispute with Dutra Dredging Company. They are currently in arbitration proceedings and have also filed charges with the National Labor Relations Board against them. Dutra Dredging is ignoring their signed contracts and are doing everything they can to avoid using the union members. IBU has been in the City for 50 years and pay taxes to the City. They have a right to be considered for City contracting. He asked the Commission to table this matter to show their disapproval of Dutra Dredging's work ethics. He claimed that Dutra is also having problems with another union, complicating the issue further. They intend to strike should this project proceed.

In response to Commissioner McCarthy's inquiry about the impact of postponing approval of this item for another two weeks, Mr. Lee replied delaying this item for another two weeks would not pose any problem. If the contract were not approved by early October, the possibility of dredging for this season would be limited and hold back the Port's dredging project for one year. Mr. Lee pointed out that under the City Administrative Code, the Port cannot require a contractor to belong to a union as long as they are paying prevailing wage.

Item 7A was continued to the next meeting.

B. Authorization to advertise for competitive bids for Maintenance Dredging of various Port sites. (Resolution No. 99-58)

Mr. Alex Lee, Director of Facilities & Operations, indicated that maintenance dredging is required at several Port facilities. The Maritime and Engineering staff developed a maintenance dredging plan last fiscal year and identified the following sites: Pier 92, Pier 35 East Widening, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 35 East, Pier 35 West, Pier 90, Pier 80 and other similar sites on the waterfront. This contract includes provision for dredging materials unsuitable for

in-bay disposal. New dredge disposal requirements noted in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office including provision for ocean disposal and for re-use of dredge spoils are incorporated into this contract.

Bidding is requested on a unit price basis and the low bidder will be determined based on 547,700 cubic yards of dredge material. Due to limitation of funds appropriated at the time of award, the initial quantity awarded will be for 381,040 cubic yards. After additional funding is made available, the contract will be modified to finance the full amount of work bid.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. Resolution No. 99-58 was adopted.

C. Authorization to reject all bids for Construction Contract No. 2656, "Hyde Street Harbor Project" and discussion of potential project alternatives. (Resolution No. 99-59)

Mr. Alex Lee, Director of Facilities & Operations, indicated that on June 16, 1999, three bids were received. The lowest bid, including all alternates and a 10% contingency, was $5.53 million, approximately $1.37 million greater than the $4.16 million allocated for construction. Due to the shortfall in funds, staff has concluded it is in the Port's best interest to reject all bids as prescribed by the San Francisco Administrative Code.

Port staff is considering an alternative to this project by dividing it into two distinct construction projects: (1) Marine Improvements including all piers and waterside facilities and (2) Landside Improvements including parking lot utilities, restroom and storage facilities. Port staff could have the opportunity to perform value engineering to the landside improvements, yet continue progress on the construction of the overall project by proceeding with bidding of the marina improvements. Additionally, the dredging component of the project may be performed under the existing Maintenance contract and could commence immediately upon approval of a change order to that contract.

Therefore, due to inadequate funding, Port staff seeks Commission authorization to reject all bids received for Contract No. 2656, with direction to staff to study project alternatives, including the possible bidding of the marine and landside work scopes as separate contracts.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. Resolution No. 99-59 was adopted.

8. PLANNING & DEVELOPMENT

A. Acceptance and expenditure of $2.0 million in capital assistance from the Federal

Transit Administration (FTA) for the China Basin Ferry Terminal (Resolution No. 99-53) and $6.9 million in capital assistance from the Federal Transit Administration (FTA) for the Downtown Ferry Terminal. (Resolution No. 99-54)

Ms. Kari Kilstrom, Project Coordinator, indicated that the FTA has awarded the Port $2 million to fund the construction of the China Basin Passenger Vessel Terminal and $6.9 million for the Downtown Ferry Terminal. Currently, only the Public Transportation Commission is eligible to accept and expend the FTA funds within the City. She requested the Commission formally authorize the Public Transportation Commission to administer the federal funds on the Port's behalf. The Port will work closely with PTC staff throughout the course of the two projects to utilize the funds properly. Resolutions 99-53 pertains to the China Basin Terminal and Resolution 99-54 pertains to the Downtown Ferry Terminal. Each authorizes the PTC to expend and administer the funds on the Port's behalf and make findings with respect to the environmental analysis for each project.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. Resolution Nos. 99-53 and 99-54 were adopted.

B. Informational presentation and status report on various projects in the Ferry Building area.

Boris Dramov indicated that the Port Commission should be proud about what's happening on the waterfront. The land on which the Port is located not only help make the City what it is but it is becoming one of the most active places in the City.

In the midst of all is the Ferry Building area at the foot of Market Street which is the heart of the City and historically, the most important. One of the goals of the community interest involved in the project is to make the waterfront an integral part of the City.

The Mid-Embarcadero is both a roadway and open space project, which has been under construction and proceeding on an accelerated schedule. The remaining roadway work is expected to be completed in February 2000; the majority of which will be done before the millennium.

Pier 1 is scheduled to begin construction this August and to be completed in time for the Port to move into its new offices in December 2000.

The Downtown Ferry Terminal project is going out to bid late August and construction will commence in the fall and be completed by the year 2000. The facility would provide secured ferry access at the same time be operational in case of a major seismic event. The facility would provide additional berthing capacity. There will be a new terminal on the north and south end of the Ferry Building. A breakwater will be constructed not only to define the space but also provides additional protection for the center area. There will be an opportunity to expand the Ferry terminal to include up to 12 berths within the same area. Phase 1 should

be completed by the year 2000.

The Ferry Building Rehabilitation project is also central to this area. Staff will seek Commission's approval of the project's development lease within a month. The projected construction will commence in 2001.

Supervisor Bierman indicated that the manager of the convention center apprised her of the organ used at the Panama-Pacific Exposition, which was in bad shape but was being sent to the East for repair. The City of Jacksonville, Florida was willing to take the organ when it's repaired. Supervisor Bierman and her constituents stepped in and decided to have the organ sent back to San Francisco and find a suitable location for it. It seemed a normal thing to have an organ in San Francisco just like San Diego and the Organ Society couldn't be more thrilled.

John Carl Hurtin, representing the American Guild of Organists, expressed their support of the project. He indicated that he knows the civic organists in San Diego and they are quite nervous about this project because this is considered a sister instrument and this organ is a little bit larger than San Diego's. This is an excellent opportunity to provide a nifty cultural attachment to the plan. They are excited about the organ being a focal point for the area and an excellent facility for all sorts of cultural events as well.

Jim Haas indicated that the park and organ pavilion is the last step in finishing off the roadway project. Monies for the roadway included the roadway, the sidewalks and landscaping but did not include the area where the organ will be located. Because of the significance of the organ, the Board of Supervisors endorsed the idea of building a music concourse to house the organ and directed Rec & Park and Planning Commissions to assist. Some months ago, they have appropriated nearly a million dollars of downtown park fund. The Board and the Mayor indicated that the pavilion building be financed privately. They have since embarked on raising the funds. The pavilion costs $3 million to build and it would half a million to install the organ into the pavilion. They have since received informal inquiries leading to pledges that could aggregate three quarters of a million. They are trying to convince the Arts Commission to allocate the money to be used for the foot sculpture from the art enhancement roadway project be used to pay for the half a million dollars to install the organ in the pavilion. Mr. Haas indicated that if it should prove helpful to get a resolution from the Port Commission endorsing the organ music concourse, Mr. Haas will be seeking that endorsement from the Commission at a later time.

Boris Dramov indicated that some of the projects are clearly defined and moving ahead or about to move ahead. Some needs funding, environmental clearances and ultimate approvals. Staff will continually apprise the Commission of all project status.

C. Approval of resolution endorsing the Bay Area Water Transit Initiative and Transit Authority. (Resolution No. 99-52)

Mr. Kirk Bennett, Manager Waterfront Development Projects, indicated that the

Bay Area Council and the Bay Area Economic Forum have been leading a major effort to introduce a comprehensive, high-speed water transit system to serve the Bay Area. At the direction of the California State Senate, they formed a Blue Ribbon Task Force, co-chaired by the Mayors of San Francisco, Oakland and San Jose. The Task Force has recently completed a comprehensive study and forwarded a Vision and Conceptual Design to the State Legislature. Senator Don Perata has authored Senate Bill 428 which would form a new Bay Area Water Transit Authority, effective January 1, 2000.

Protecting and enhancing the environmental quality of the Bay Area has been cited by Task Force leaders as a cornerstone principle of this proposed new high-speed water transit system. It will be designed to reduce traffic congestion and improve air quality in the region, and receive extensive environmental analyses and evaluations to ensure meeting meet both state and federal standards before proceeding with the transit system.

The Bay Area Water Transit Initiative offers the potential for greatly increased ferry service between San Francisco and other locations throughout the region, which would be most beneficial to the City and the Port. Mr. Bennett requested Commission's approval of the resolution endorsing the concept of a proposed San Francisco Bay Area Water Transit System and the improved connections to and from San Francisco and throughout the Region.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. Resolution No. 99-52 was adopted.

9. FINANCE & ADMINISTRATION

A. Approval of the Executive Director's Compensation. (Resolution No. 99-51)

Mr. Ben Kutnick, Director of Finance & Administration, indicated that at the meeting of April 13, 1999, the Port Commission approved an increase in the Port director salary from $141,664 to $148,509 per year. In formulating the salary increase, the Port Commission considered the then current salaries of other West Coast port directors and other City department heads. Since January 1999, when the salary survey was completed, there has been some salary increases. In light of these changes, the Port Commission has decided to reconsider the Port Director's salary. A recommendation has been made to increase the salary to $158,000 effective August 1, 1999. Fringe Benefits will be the same as MEA members.

ACTION: Commissioner Brandon moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor. Resolution No. 99-51 was adopted.

There being no new business/public comment, the meeting was adjourned at 6:50 p.m.

55
1
10/99

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.
AUG 05 1999
SAN FRANCISCO
PUBLIC LIBRARY
08-05-99P02:46

REGULAR MEETING
4:00 P.M., TUESDAY, AUGUST 10, 1999
Ferry Building, Suite 3100
San Francisco, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - July 27, 1999 Special Meeting
   - July 27, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **CONSENT CALENDAR**

5. **MARITIME**

   A. Approval of transfer of drydock "Steadfast" to the Port of San Francisco. (Resolution No. 99-63)

   B. Approval of Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold. (Resolution No. 99-64)

6. **REAL ESTATE**

   A. Authorization to issue Request for Proposals to lease the Roundhouse One building located at 1500 Sansome Street. (Resolution No. 99-65)

7. **FACILITIES & OPERATIONS**

   A. Approval of Second Amendment to the Professional Services Contract CT-3970006 with Concept Marine Associates for the "Design of the Hyde Street Harbor Facility." (Resolution No. 99-66)

   B. Authorization to execute Contract Modification No. 1 for Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B, and C," with Dutra Dredging Company. (Resolution No. 99-57)

8. PLANNING & DEVELOPMENT

A. Authorization to enter into Exclusive Negotiations with Stanford Hospitality, Inc. to develop Hotel at Broadway and The Embarcadero. (Resolution No. 99-62)

B. Informational briefing on the status of Port Planning & Development Projects.

9. FINANCE & ADMINISTRATION

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 30/32 and Seawall Lot 330
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Forest City/P&O Partnership *Urbatech
*San Francisco Cruise Terminal LLC *LCOR/AeroSea

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss the terms of the exclusive right to negotiate agreement.

b. Property: Rincon Park Restaurant
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Nice Ventures, Inc.: Reed Hearon

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Nice Ventures, Inc. regarding the Rincon Park Restaurant site.

c. Property: Ferry Building
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Wilson-Cornerstone: Richard Springwater

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and Wilson-Cornerstone regarding the Ferry Building Renovation Project.

d. Property: Foreign Trade Zone No. 3
Person Negotiating: Port of San Francisco: Peter Dailey, Director of Maritime
*Foreign Trade Zone No. 3: Claude Jacques

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss non-contiguous expansion of Foreign Trade Zone No. 3 to the San Francisco International Airport.

e. Property: Pier 94/96
Person Negotiating: Port of San Francisco: Peter Dailey, Director of Maritime
*Canada Steamship Lines: Edward De Roche

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss marine terminal use negotiations between the Port and Canada Steamship Lines regarding Pier 94/96.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

DOCUMENTS DEPT.
AUG 05 1999
SAN FRANCISCO
PUBLIC LIBRARY

PUBLIC MEETINGS
AUGUST 1999

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
Tuesday, Aug. 10	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Tuesday, Aug. 10	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Thursday, Aug. 12	3:00 p.m.	Northeast Waterfront Advisory Group	Pier 31 Bulkhead
Tuesday, Aug. 17	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Fisherman's Wharf
Thursday, Aug. 19 *(Tentative)*	3:00 p.m.	Northeast Waterfront Advisory Group	Pier 31 Bulkhead
Tuesday, Aug. 24	4:00 p.m.	Port Commission	Port Commission Room Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m. Contact Amy Quesada, Port Commission Secretary at 274-0406, to be placed on the mailing list for Commission meeting agendas.

The Southeast Waterfront Advisory Group will meet in October. Date, time and meeting place to be determined. Please contact Braj Norris at 274-0540 for more information.

The Rincon Point-South Beach CAC will meet at 5 p.m. on August 16 at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Amy Neches, Redevelopment Agency at 749-2450 for more information.

Port Website: Check out the Port's Website at **www.sfport.com**

Questions/Contacts

Pier 45 Advisory Group	Kirk Bennett	274-0545
Northeast Waterfront Advisory Group	Kirk Bennett	274-0545
Bryant Street Pier Advisory Group	Anne Cook	274-0483
Southern Waterfront Advisory Committee	Braj Norris	274-0540
Port of San Francisco Reception		274-0400

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Pius Lee
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of transfer of Drydock Steadfast to the Port of San Francisco and the expenditure of $93,600.00 therefor

DIRECTOR'S RECOMMENDATION: APPROVE THE PROCESS AND FUNDS REQUIRED TO OBTAIN THE MEDIUM AUXILIARY FLOATING DRYDOCK STEADFAST

BACKGROUND

The Port of San Francisco is home to the only full-service shipyard in Northern & Central California. Beyond employing hundreds of skilled blue-collar workers, the shipyard provides repair services required by ships in the Pacific trades. By maintaining such a competitive facility along the West Coast, San Francisco both supports and attracts vital maritime industries, while assuring the American public and our nation's defense agencies that repair rates and services will stay superior in quality yet cost effective.

The availability of at least two operating drydocks at all times is a standard requirement of any major commercial shipyard in order to allow the flexibility and assure the on-time deliveries demanded by its customers. As an example, the Portland Ship Repair Yard, with which San Francisco competes, currently has three drydocks available for use. The Port of San Francisco currently owns two floating drydocks, six cranes, and 17 acres of facilities dedicated to major, full-service ship repairs and conversions.

THIS PRINT COVERS CALENDAR ITEM NO. 5A

The Port acquired both of its drydocks in 1987 from Todd Shipyard, Inc. The smaller of these two drydocks, Drydock #1, is nearly sixty years old and was in marginal condition at the time of its acquisition. About a month ago it failed to float during a routine drydocking operation, but has since been recovered. Port staff has recognized the accelerated aging process that Drydock #1 has been going through for the past five years, and has been actively seeking a remedy by searching through government surplus property offerings.

In March of 1998, Port staff learned of a substitute drydock available in Hawaii and authored a letter of interest that was rejected in favor of an award to the Port Authority of Guam. This past March however, the Port was alerted to an available replacement drydock located at the Ready-Reserve fleet in Port Benecia: the Medium Auxiliary Floating Drydock "Steadfast." Again, expressing interest but this time with the assistance of Congresswoman Nancy Pelosi (attached) and a letter of support from the National Parks Department, the Port was successful in winning the transfer rights to the Steadfast as determined by the General Service Administration's selection committee. This occurred even though the State of Alaska lobbied heavily for its appropriation as well.

Seizing upon this opportunity, particularly in light of the recent failure of Drydock #1, will solve a number of outstanding issues facing the Port. Not only will the Steadfast fill an immediate need for a functional second drydock for our shipyard, but this capital asset, appraised by the United States Government with a fair value of $5 million, will revert to the Port in fee simple after sixty months of responsible management and use. Incorporating the Steadfast into San Francisco's existing ship repair portfolio is a prudent measure and will help ensure our repair yard's successful utilization into the next millennium as:

1. There is a tested and proven demand for San Francisco Repairs - Though the Bay Area has been particularly hard-hit with military base closures and defense spending cutbacks since early in the decade, our shipyard tenant, San Francisco Drydock Inc. has been successful in transitioning its business from primarily defense-based work to chiefly commercial repairs. This trend continues as within the past twelve months they have landed work for two new cruise lines, two new tanker customers, and several new cargo vessel owners.

2. Investments in the Port's shipyard infrastructure are fiscally responsible - A U.S. Department of Commerce, Economic Development Administration study of our yard conducted as recently as 1995 revealed that investments in the yard's cranes were prudent and capable of preventing 500 ship repair jobs from emigrating out of the Bay Area. This resulted in a grant award of $1.6 million toward the upgrading and repair of cranes on the premises.

3. There is a future for San Francisco ship repair - One of the reasons that the U.S. Commercial ship repair industry is becoming more competitive is because of the quality of work in U.S. shipyards. Technological advances in ship design and propulsion are driving profitability at sea, and as technology increases in importance there will be a growing reliance upon skilled labor and well-apportioned facilities. With the addition of the Steadfast's greater lifting capacity relative to Drydock #1, and the two additional cranes that will come with it, San Francisco's ship repair portfolio will be greatly enhanced. A better-apportioned facility will provide more business, require more labor, and to the extent that San Francisco can maintain a highly skilled workforce, it will remain competitive among regional ports as well as with foreign countries.

4. The City and County of San Francisco is dedicated to the longevity of its ship repair industry - In 1991, the City's Board of Supervisors passed and ratified a resolution whereby the Port and City would contribute millions of dollars to the San Francisco ship repair industry through maintenance contributions, dredging efforts, opportunities for payroll tax exemptions, the waiver of port fees to attract commercial vessels and encourage their use of local repair facilities, and dedicated and specialized marketing programs implemented by the Port. These contributions ensure that there is a chance to foster, revitalize, and assist this time honored and proven Bay Area industry.

Given these rationale, Port staff requests :

a) that the Port Commission approve the payment of $93,600 in transfer fees to the State of California, State Agency for Surplus Property, Department of General Services, to be released from the Port's emergency Capital fund, and

b) that it authorize the Executive Director to sign the Vessel Conditional Transfer Document (Attachment "A") and any other relevant documents, and assume, on behalf of the Port, the obligations for responsible management and operation that will result in the transfer of ownership of the Steadfast to the Port after sixty months.

The Port staff has reviewed the Vessel Conditional Transfer Document, physically surveyed the property, and studied the results of a Sampling and Analyses of PCBs and Asbestos on the USS Steadfast, dated October 22, 1998 (Attachment "B"). It believes that the operational requirements are neither onerous nor risk inclined. A copy of the invoice for the transfer fees (Attachment "C") is also attached for your guidance.

Port staff anticipates entering into an Amendment to the SFD Lease under which SFD will assume all of the Port's obligations required by the Vessel Conditional Transfer Document. The Vessel Conditional Transfer Document includes an indemnity provision whereby the Port will indemnify the United States Government, Acting by and through the State Agency for Surplus Property, Department of General Services for any losses related to the transfer or subsequent use of the drydock.

Prepared by: G. L. Roybal, Market Research Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-63

WHEREAS, San Francisco is home to the last remaining full service shipyard in Northern & Central California, has achieved successful entry and transition into the commercial markets and gained a valuable reputation in cruise ship, container, and tanker repair that attracts more maritime traffic into San Francisco and creates demand for all of the Port's maritime facilities; and

WHEREAS, the Port currently owns and leases two floating drydocks of which one is progressively aging and has recently failed; and

WHEREAS, Port staff has sought out a replacement drydock through Government Surplus offerings, and the California State Agency for Surplus Property Department of General Services selected the Port as recipient of the transfer of the Medium Auxiliary Floating Drydock, "Steadfast"; and

WHEREAS, there is a tested and proven demand for San Francisco ship repairs; investments in the Port's shipyard infrastructure are fiscally responsible; there is a growing demand for skilled labor and the repair facilities that San Francisco can provide that can service the more technically advanced ships; and given that the City and County of San Francisco remains dedicated to the longevity of its ship repair industry; now, therefore be it

RESOLVED, that the Port Commission hereby approves the transfer payment to the California State Agency for Surplus Property Department of General Services in the amount of $93,600, to be released from the Port's Emergency Capital Fund, and authorizes the Executive Director to sign the requisite Vessel Conditional Transfer Document, a copy of which is on file with the Port Commission Secretary, including the indemnity provision described in the memorandum to the Port Commission for this item, also on file with the Port Commission Secretary, subject to approval by the City's Risk Manager, and to take all other actions necessary to assume the obligations that accompany the right to own and operate this asset after sixty months of proven successful and responsible management.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 10, 1999.

____
Secretary

NANCY PELOSI
8TH DISTRICT, CALIFORNIA

2457 RAYBURN BUILDING
WASHINGTON, DC 20515-0508
(202) 225-4965

DISTRICT OFFICE:
FEDERAL BUILDING
450 GOLDEN GATE AVENUE
SAN FRANCISCO, CA 94102-3460
(415) 556-4862
sf.nancy@mail.house.gov
http://www.house.gov/pelosi

Congress of the United States
House of Representatives
Washington, DC 20515-0508

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEES:
LABOR-HEALTH AND
HUMAN SERVICES-EDUCATION
RANKING MEMBER
FOREIGN OPERATIONS, EXPORT FINANCING
AND RELATED PROGRAMS

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
HUMAN INTELLIGENCE, ANALYSIS, AND
COUNTERINTELLIGENCE

CONGRESSIONAL WORKING
GROUP ON CHINA, CHAIR

AT-LARGE WHIP

March 17, 1999

Peggy Lowndes
Director
GSA Property Management Division
GSA Region 9
450 Golden Gate Avenue
San Francisco, CA 94102

Dear Ms. Lowndes:

I am writing to express my strong support for the Port of San Francisco's application to acquire the surplused drydock from the San Diego Naval Base.

The Port of San Francisco is home to one of the last remaining full-service ship repair yards capable of servicing open-ocean going vessels on the U.S. West Coast. Rich in its tradition and history of ship repairs spanning more than 130 years, some of the yard's assets are aging, vintage World War II remnants, which are declining in the efficiencies and reliability necessary to compete in today's market with other repair yards throughout the Pacific Rim. The Port remains committed to this endeavor because it provides jobs for hundreds of skilled, blue-collar union laborers and remains one of the City's largest employers of boilermakers, joiners, machinists and electricians.

The Port owns two floating drydocks that is has allocated exclusively to this yard, one of which requires replacement. The medium auxiliary floating drydock #14 at San Diego is surplus, but could be effectively allocated and well-utilized if apportioned to San Francisco's repair facility. The acquisition of this surplus drydock as a replacement would be a critical accomplishment in the Port's ongoing efforts to enhance its yard's competitive ability and offset declining defense contracts with commercial work. It would also complement the prior investments made by Federal and State agencies and the Port to sustain operations in the aftermath of Bay Area base closures.

In addition to the economic benefits, San Francisco's acquisition of the surplus dock would also fulfill a public need by the National Park Service, as San Francisco has the only yard in the Bay Area that can accommodate all the ships from the Park Service's collection at the Maritime National Historical Park - an inventory of over one hundred vessels.

It is not often that we are presented with an opportunity that provides such clear benefits to the public and commercial sectors simultaneously, but this is one case where that is evident and doable. I fully support the allocating of AFDM-14 to the Port of San Francisco, and hope that you will agree.

Sincerely,

Nancy Pelosi

NANCY PELOSI
Member of Congress

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

DGS
State of California • State and Consumer Services Agency • Gray Davis, Governor
DEPARTMENT OF GENERAL SERVICES
MATERIALS MANAGEMENT-SURPLUS PROPERTY, 1700W National Drive
SACRAMENTO, CALIFORNIA 95834-1938 (916) 928-4630 FAX: (916) 928-0304

SAN FRANCISCO PORT COMMISSION
Agend Item: 5 - A
August 10, 1999

ATTACHMENT "A"

July 8, 1999

Gerry Roybal
Port of San Francisco
Ferry Building, Suite 3100
San Francisco, CA 94111

Dear Gerry:

Here are three copies of the Vessel Conditional Transfer Documents. Please review them and if everything meets the Ports requirements please sign all three sets and return two of the sets. One set will be forwarded to General Services Administration and the other one will remain with our files.

If you have any questions please feel free to contact Jim Curran at our Fullerton office (714) 449-5907, Peggy Lowndes at GSA (415) 522-3030, or myself (916) 928-4639.

Sincerely,

Dottie Ibach
Dottie Ibach
Staff Services Analyst

Enclosure

VESSEL CONDITIONAL TRANSFER DOCUMENT

KNOW ALL MEN BY THESE PRESENTS: That the United States of America acting by and through the State of California, State Agency for Surplus Property (hereinafter called the Donor) pursuant to the powers and authority contained in the Federal Property and Administrative Services Act of 1949 (63 Stat. 377), as amended for and in consideration of and in reliance upon the representations of the City and County of San Francisco, The Port of San Francisco, whose address is Ferry Building, Suite 3100, San Francisco, California, 94111 (hereinafter called the Donee) that the property hereinafter described is required in the furtherance of the Donee's program and that such property will be used solely in connection with such programs and more specifically for all the following purposes: The Port of San Francisco needs the surplus Federal Dry-dock AFDM-14 in order to modernize the last remaining full-service ship repair facility in San Francisco. Acquisition of the dry-dock would result in a boost in productivity due to the fact that our ship repair operator, San Francisco Dry-dock, Inc. is operating under its full market potential because its current smaller dry-dock has severe structural limitations that restrict the size of ships that it can currently handle. Ship repair is one of San Francisco's leading employers of skilled union blue-collar jobs. The condition of the Port's current small dry-dock, which the new dry-dock would replace, has significantly deteriorated and it is not cost efficient to repair it. Acquisition of the surplus dry-dock would be a boon to our ship-repair industry just now beginning to recover from the impacts of the closure of a number of Northern California Navy bases. The acquisition of the San Diego Dry-dock will also benefit the National Park Service because SF Dry-dock is the only yard in the Bay Area that can service all the ships from its collection at the San Francisco Maritime National Historical Park. The Port's current dry-dock #1 may not now have the lifting capacity to work on historic vessels, thereby maintaining its positive economic impact on the community in accordance with the proposed program and plan as set forth in the Donee" "Letter of Intent" dated March 11, 1999, which expression of intent is hereby incorporated herein and made a part hereof, and for no other purpose, does hereby deliver, sell, assign, and transfer all rights, title, and interest in and to the following described vessel: AFDM-14 Steadfast, Medium Auxiliary Floating Dry-dock (NSP), 598 feet; built in 1945; builder: Pollock-Stockton Shipbuilding Co. (Now Johnson, Walter W., and Co., Stockton, California (all of which are hereinafter referred to as the Property), which has determined to have a fair value of $5,000,000, unto the Donee to have and to hold the said Property, all and singular forever, this donation being made on an "as is, where is" basis without warranty of any kind and delivery is made at the present location of the Property regardless of where the same may be situated or the condition thereof:

SUBJECT, HOWEVER, to the following conditions:

1. The Donee agrees to obtain documentation of the vessel under the applicable laws of the United States and regulations promulgated thereunder and the applicable laws of the several States governing the documentation of said Property and at all times to maintain such documentation. Upon written request and sufficient evidence to justify such action, the Donor may waive the requirement for documentation in the case of donated vessels which are to be permanently moored on land and never to be used again on the waterways.

2. The Donee agrees to record this Vessel Conditional Transfer Document with the Coast Guard Documentation Officer at the port of documentation of the Property within 60 days after the receipt of the fully executed Vessel Conditional Transfer Document. If documentation is waived under (1) above, the requirement for registration may also be waived.

3. The Property shall be placed in use for the purpose stated above no later than 12 months after acquisition thereof and used for a 12-month period.

4. In the event the Donee does not record this Vessel Conditional Transfer Document with the Coast Guard Documentation Officer at the port of documentation of the Property within 60 days after the date of receipt of the fully executed Vessel Conditional Transfer Document, or in the event the Property is not placed in use within 12 months or receipt and used for a 12-month period thereafter, the Donee shall within 30 days after the date on which the instrument should have been recorded, or within 30 days after the Property has ceased to be used, provide notice thereof, in writing to the Donor, and at the Donee's expense return such Property to the Donor or otherwise make the Property available for transfer, provided the property is still usable as determined by the Donor, or otherwise dispose of the Property as the Donor may direct.

5. In the event the Property is not so used or handled as required by (1), (2), (3), and (4), above, title and right to the possession of the Property shall, at the option of the Donor, revert to the United States of America. Upon demand the Donee shall, as directed by the Donor, or its designee, release the Property to such person or agency as may be designated, sell the Property, or otherwise dispose of the Property. Any sale shall be for the benefit and account of the United States of America.

6. There shall be a further period of restriction beginning on the date the property has been used for the period prescribed in (3), above. This period will expire after the Property has been used for the purpose stated for a period of 48 Months.

7. During the period of restriction prescribed in (6), above, the Property shall be used only for the purpose stated above.

8. During the periods of restriction prescribed in (3) and (6), above, the Donee shall make reports to the Donor on the use, condition, and location of the Property and on other pertinent matters as may be required from time to time by such Donor.

9. During the periods of restriction prescribed in (3) and (6), above, the Donee shall not sell, trade, lease, lend, bail, cannibalize, encumber, or otherwise dispose of the Property, or remove it permanently for use outside the State, without the prior written approval of the Donor under (3) or (4), above. The proceeds from any sale, trade, lease, loan, bailment, encumbrance, or other disposal of the Property during the period of restrictions set forth in (3), above, when such action is authorized by the Donor, shall be for the account of the United States of America, or for the benefit and account of the State of California during the period of restriction set forth in (6), above.

10. In the event, during the periods of restriction prescribed in (3) and (6), above, the Property is sold, traded, leased, loaned, bailed, cannibalized, encumbered, or otherwise disposed of without prior written approval, or is used for a purpose other than the purposes stated, the Donee, at the option of the Donor, shall be liable for the proceeds of the disposal, the fair market value, or the fair rental value of the Property at the time of such unauthorized transaction or use, as determined by the Donor.

11. If at any time, from the date the Donee receives the Property through the periods of restrictions prescribed in (3) and (6), above, the Property is no longer suitable, usable, or required by the Donee for the purpose for which required, the Donee shall promptly notify the Donor, and shall, as directed by the Donor, return the Property to the Donor, retransfer the Property to another Donee or another State agency, or to a department or agency of the United States, sell the Property, or otherwise dispose of the Property as directed.

12. At the option of the donor, the Donee may obtain abrogation of the terms and conditions set forth in (6) through (11), above, by payment of an amount determined by the Donor.

13. The Donee agrees to notify in writing any and all operators, agents, purchasers, or receivers of this property and insert in any contract or legal document by which title or control passes from the Donee or receiver to another entity, a copy of this paragraph and clauses (1) through (8) of this paragraph. The Donee agrees to obtain from the subsequent purchaser or receiver of the provision of this paragraph and clauses (1) through (8) in subsequent contract by which title or control passes from the Donee or control passes from the Donee or receiver to another entity. By executing this conditional transfer document, the Donee certifies that they have read and comprehend the following documents:

    (a) Results of Sampling and Analyses of Polychlorinated Biphenyls (PCBS) and Asbestos on the USS Steadfast (AFDM-14) dated October 22, 1998.

    (1) Hazardous Property.

    The Government cautions that the subject AFDM-14 Dry-dock, material or substances, or component, part, constituent or ingredient thereof may be corrosive, reactive, ignitable or exhibit other hazardous or toxic properties. The Government assumes no liability for any damage to the property of the Donee, any person or public property or for the personal injuries, illness, disabilities or death to the Donee, Donee's employees, any other person subject to Donee's control or any other person including members of the general public, arising from or incident to the transfer, use, processing, disposition, or any subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, or substance, or material whether intentional or accidental.

    The Donee agrees to hold harmless and indemnify the Government for any and all costs and expenses incurred incident to any claim, suit, demand, judgment, action, debt, liability costs and attorney's fees or any other request for monies or any other type of relief arising from or incident to the transfer, use, processing, disposition, subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance, whether intentional or accidental. In paragraph (2) through (8) hereafter specific hazardous substances or materials are identified and mentioned. Such specific mention is not to be construed as exclusive and donee agrees to comply with all Federal and State regulations pertaining to any substances or materials hereafter identified.

    (2) Asbestos.

    The Donee is warned that unprotected exposure to asbestos fibers has been determined to significantly increase the risk of incurring four diseases: lung cancer, certain gastrointestinal cancers, mesothelioma and asbestos. Care must be taken to avoid releasing or causing to be released asbestos fibers into the atmosphere so that they may be inhaled or ingested. The Occupational Safety and Health Administration (OSHA) at 29 CFR 1910.1001, has set standards for permissible exposure to airborne concentrations of asbestos fibers, methods of compliance, personal protective equipment and other measures that must be taken when working with, or in proximity to, asbestos in the United States, its territories and possessions. Donee certified that it will, as a minimum, comply with the provisions of 29 CFR 1910.1001, 1910.134, and all applicable Federal,

State and local laws and regulations whenever asbestos has been or may be released into the atmosphere. The Donee further agrees to cause its employees or any person coming under its control who may be exposed to asbestos fibers to comply with the provisions of 29 CFR 1910.1001, 1910.134, and all applicable Federal State and local laws and regulations.

The Government assumes no liability for damages for personal injuries, illness, disabilities or death to the Donee, Donee's employees, any other person subject to Donee's control or to any other person including members of the general public, arising from or incident to the transfer, use, disposition, subsequent operations performed on, contact with or exposure to the asbestos provided such is caused or contributed to in any manner by the Donee, its agents, or employees, or any person subject to the Donee's control.

The Donee agrees to indemnify the Government for any and all costs, expenses and attorney fees incurred incident to any claim, demand, actions, debt, liability, judgment or request for monies of any nature arising from or incident to the donation, purchase, use, disposition, subsequent operation performed on, contact with or exposure to the asbestos, provided such is caused or contributed to in any manner by the Donee.

(3) Warning Signs and Labels.

Standard OSHA Asbestos Warning signs have and shall continue to be posted on access doors/hatches of each compartment containing asbestos to notify that asbestos is present and advise whether it is in a friable or nonfriable condition. Access to the area shall be restricted to persons whose work required their presence, until such time as the asbestos is either (a) removed or (b) repaired. Warning sins must remain posted until such time as the compartment is rendered asbestos-free. If friable asbestos is rendered nonfriable, the warning sign may be changed to comply with the change to the asbestos. Standard OSHA Asbestos Warning labels have been affixed on various asbestos containing items such as pipe sleeves, lagging, joints, ducts, etc. These labels identify that asbestos is present and caution against creating asbestos dust. The labels shall remain on the items containing asbestos until such time as they are rendered asbestos-free.

(4) Asbestos Dust Control and Housekeeping and Cleanup Procedures.

All external surfaces where work shall be performed shall be maintained free of accumulations of asbestos fibers to prevent further dispersion. Meticulous attention must be given to restricting the spread of asbestos dust and larger forms of waste. To the extent required by 29 CFR 1910.1001, a dropcloth under a work area, curtains and other enclosures designed to contain the asbestos dust and debris shall be used to keep asbestos from being distributed over the general area. To the extent required by 29 CFR 1910.1001, appropriate asbestos hazard warning signs shall remain posted until the site cleanup is complete and the soil, surrounding environment and atmosphere are tested and found safe. The cleanup crew should be under the direction and supervision of the Donee to ensure that proper cleanup is performed when asbestos dust/waste is present. All personnel engaged in cleaning up asbestos scrap and waste shall be equipped with appropriate respiratory and protective clothing, in accordance with 29 CFR 1910.1001 and 1910.134.

(5) Protective Clothing.

The Donee will provide coveralls and other clothing covering the whole body, head, hands and feet, which the Donee will require to be worn by personnel exposed to airborne concentrations of asbestos fibers, in accordance with 29 CFR 1910.1001. The appropriate measures, in light of prevailing work site circumstances, must be ascertained by the Donee from the OSHA Regulations at 29 CFR 1910.1001.

(6) Respiratory Protection Program.

Personnel shall be protected by personal protective equipment that provides full protection of nose, mouth, and respiratory system, in accordance with 29 CFR 1910.1001 and 1910.134. Personnel engaged in the removal or demolition of pipes, structures, or equipment covered or insulated with asbestos and in the removal or demolition of asbestos insulation or coverings shall be provided and shall use respirators in accordance with 29 CFR 1910.1001 and 1910.134. Asbestos shall be presumed present unless shown to the contrary by air samplings.

(7) Packaging, Marketing and Disposal of Asbestos.

Asbestos waste, scrap, debris, bags, containers, equipment and asbestos-contaminated clothing consigned for disposal, which may produce airborne concentrations of asbestos fibers, shall be collected and disposed of in leak proof sealed, impermeable bags, affixed with an OSHA asbestos warning label in accordance with 29 CFR 1910.1001 and 40 CFR 61.20 et seq. Prior to placing in bags, asbestos wastes shall be wet down to reduce airborne concentrations. It is essential that the waste asbestos material, whether in bags or containers, be disposed of by burial in accordance with 40 CFR Part 260 et seq., and 40 CFR 61.25 and any State or local regulations or requirements.

When practicable, scrap material containing asbestos shall be wet down before handling, hauling or dumping to reduce the generation of airborne fibers. The Donee must assure that all containers containing asbestos and/or disposable garments with asbestos on them are transported by the safest route to an authorized disposal facility, in accordance with Department of Transportation Regulations at 49 CFR 172, 173.1090, 174-177 and 40 CFR Parts 260 et seq. The Donee assumes full liability and responsibility for the material upon leaving the work area.

(8)
The Donee is aware that the items listed as containing Polychlorinated Biphenyls (PCS's), a toxic environmental contaminant, require special handling and disposal in accordance with U.S. Environmental Protection Agency regulation 40 CFR 761. The Donee certifies that the items will be handled and disposed of in accordance with the EPA regulations and applicable State laws.

(14) The Donee agrees that the program for or in connection with which the AFDM-14 Steadfast Dry-dock is donated, will be conducted in compliance with, and the Donee will comply with and will require any other person (any legal entity) who Through contractual or other arrangements with the Donee is authorized to provide services or benefits under said program to comply with all requirements imposed by or pursuant to the regulations of the General Services Administration (41 CFR 101-6.2 and/or 101-8) issued under the provision of Title VI of the Civil Rights Act of 1964, Section 606 of Title VI of the Federal Property and Administrative Act of 1949, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, Title IX of the Education Amendments of 1972, as amended, and Section 303 of the Age Discrimination Act of 1974, as amended, to the end that no person in the United States shall on the grounds of race, color, national origin, sex, or age, or that no otherwise qualified handicapped person shall solely by reason of the handicap be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity for which the Donee receives Federal assistance from the General Services Administration; and Hereby Gives Assurance that it will immediately take any measures necessary to effectuate this agreement.

The Donee further agrees that this agreement shall be subject in all respects to the provisions of said regulations; that this agreement shall obligate the Donee for the period during which it retains ownership or possession of the dry-dock; that the United States shall have the right to seek judicial enforcement of this agreement; and that this agreement shall be binding upon any successor in interest of the Donee and the word "Donee" as used herein includes any such successor in interest.

(15) The Donee agrees that the Government assumes no liability for any damages to the property of the State or donee, any person, or public property, or for the personal injuries, illness, disabilities or death to employees of the State or donee, any other person subject to their control or any other person including members of the general public, arising from or incident to the Property use, processing, disposition, or any subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this Property (including all equipment, appurtenances, accessories, and improvements installed or added), or substance, or material whether intentional or accidental. The State and/or Donee agrees to hold harmless and indemnify the Government for any and all costs, judgment, action, debt, liability costs and attorney's fees or any other request for monies or any type of relief arising from or incident to the transfer, donation, use, processing, disposition, or any subsequent operation performed upon, exposure to or contact with any component, part, appurtenances, accessories, and improvements installed or added), material or substance, whether intentional or accidental.

(16) The Donor shall not grant waivers, amendments, releases, or terminate any of the terms and conditions emmerated above or in the "Letter of Intent" and attachments to this document concerning the use or disposal of the dry-dock, or issue disposal instructions to the Donee for the dry-dock without the prior written concurrence of the General Services Administration or its successor in function.

The donee is aware that the property being donated is listed as containing polychlorinated biphenyl (PCBs), a toxic environmental contaminant, and requires special handling and disposal in accordance with U.S. Environmental Protection Agency regulation (40 CFR part 761). The donee certifies that this item will be handled and disposed of in accordance with applicable Federal statutes and regulations and applicable State laws.

The donee agrees to a self-implemented on-site clean-up and disposal of PCB remediation, non-remediation, or bulk product waste in accordance with all applicable EPA PCB clean-up policies (40CFR part 761).

IN WITNESS WHEREOF, the Donor and Donee have duly executed this instrument this 7 day of July, 1999

United States of America, Acting by and through the
Dept General Services
State Agency for Surplus Property
By Dottie Ibach
Title Staff Services Analyst

DONEE:
By ____________________
Title ____________________

Institution or Organization

____

CITY of SACRAMENTO,
COUNTY of SACRAMENTO,
STATE of CALIFORNIA,

On this 7 day of JULY, 1999 before me appeared DOTTIE IBACH, to me personally known, who, being by me duly sworn, says that she is the person who executed the foregoing instrument and that such instrument was executed under duly delegated authority on behalf of the CALIFORNIA State Agency for Surplus Property, and acknowledged the foregoing instrument to be the free act and deed of the State of CALIFORNIA

Given under my hand and official seal the day and year above written.

JOHN T. MURATA
COMM. #1141736
NOTARY PUBLIC - CALIFORNIA
SACRAMENTO COUNTY
My Comm. Expires JUL 9, 2001

Date: 30 March, 1999

ADDENDUM TO LABORATORY DIVISION, PUDGET SOUND NAVAL SHIPYARD POLYCHLORINATED BIPHENYL SAMPLING AND ANALYSIS SURVEY 46 OF 67 SAMPLES TAKEN.

Subj: PCB SAMPLING AND ANALYSIS SURVEY FOR Steadfast (AFDM 14)

Ref.: (a) COMAVSEASSYSCOM WASHINGTON DC ltr 4770 Ser 00T/248 of 21 Sep 95 (Subj: NAVSEA PCB Advisory 95-1)

1. The following statement is provided regarding the number of samples taken as required by reference (a):

14	SAMPLES OF ELECTRICAL CABLE WERE TAKEN.
07	SAMPLES OF OILS AND GREASES WERE TAKEN.
06	SAMPLES OF VENTILATION DUCT GASKETS WERE TAKEN.
04	SAMPLES OF BULKHEAD INSULATION WERE TAKEN.
04	SAMPLES OF RUBBER APPLICATIONS (I.E., SHOCK MOUNTS, HATCH GASKETS, PIPE HANGERS, ETC.) WERE TAKEN
05	SAMPLES OF DOUBLE-BACKED TAPE WERE TAKEN.
00	SAMPLES OF ALUMINIZED PAINT WERE TAKEN.
06	QUALITY CONTROL BLANKS.

2. A representative sample was taken of each of the applications identified above. No other applications meeting the criteria of reference (a) were available for sampling on board.

SAN FRANCISCO PORT COMMISSION
Agend Item: 5 - A
August 10, 1999

ATTACHMENT "B"

William Thornton
SAMPLERS NAME

SAMPLERS SIGNATURE

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

	# of pages ► 13
To Gerry Roybal	From Peggy [illegible]
Dept./Agency	Phone # 522·3030
Fax # 274-0528	Fax # 3033

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

PUGET SOUND NAVAL SHIPYARD
QUALITY ASSURANCE OFFICE
LABORATORY DIVISION
(360) 476-8092

Report 99PS02622
APR. 16 1999
PCBs in Solids

REPORT FOR POLYCHLORINATED BIPHENYLS (PCBs) IN ENVIRONMENTAL SAMPLES

Ship STEADFAST(AFDM14) Job order 891560000 001 Customer NISMF Date rec'd 07 APR99

#	Description/ID of each sample	Units	Result	Major Aroclor present
001	1 ARMOR CABLE	ug/g	44	AR1254
002	2 ARMOR CABLE	ug/g	6800	AR1262
003	3 ARMOR CABLE	ug/g	6100	AR1254
004	4 ARMOR CABLE	ug/g	5100	AR1262
005	5 ARMOR CABLE	ug/g	79	AR1254
006	6 NON-ARMOR CABLE	ug/g	26	AR1262
007	7 ARMOR CABLE	ug/g	54	AR1254
008	8 ARMOR CABLE	ug/g	7500	AR1262
009	9 ARMOR CABLE	ug/g	80	AR1262
010	10 ARMOR CABLE	ug/g	25	AR1254
011	11 NON-ARMOR CABLE	ug/g	3.4	AR1254
012	12 GENERAL CABLE	ug/g	8.1	AR1262
013	13 ARMOR CABLE	ug/g	430	AR1262
014	14 ARMOR CABLE	ug/g	37	AR1242
015	31 VENT GASKET	ug/g	<1.0	-ND-
016	32 VENT GASKET	ug/g	<1.0	-ND-
017	33 VENT GASKET	ug/g	<1.0	-ND-
018	34 VENT GASKET	ug/g	<1.0	-ND-
019	35 VENT GASKET	ug/g	<1.0	-ND-
020	36 VENT GASKET	ug/g	<1.0	-ND-

Quality control: Mtd_blk(SAT) RPD(SAT) LCS(SAT) MS/MSD rec(SAT) Surr(SAT)
ND - Not detected. Result obtained is less than the PQL of 1.0 ug/g.
The PQL (Practical Quantitation Limit) is based on sample size, matrix, dilution required, and Shipyard action limits.

This report shall not be reproduced except in full without the written approval of the laboratory.
Major Aroclor present is the major PCB group detected and does not constitute all commercial grades. ND = none detected.
Remarks: Sample(s) analyzed as received

Lab procedure EPA 8081 Date analyzed April 15, 1999

Code 134.3 reviewer, date 134615 4/16/99 Code 134.3 released, date 162659 4/16/99

Distribution: NISMF, ARL, C-6240

PUGET SOUND NAVAL SHIPYARD
QUALITY ASSURANCE OFFICE
LABORATORY DIVISION
(360) 476-8092

Report 99PS02620
APR. 9 1999
PCBs in Oils

REPORT FOR POLYCHLORINATED BIPHENYLS (PCBs) IN ENVIRONMENTAL SAMPLES

Ship STEADFAST(AFDM14) Job order #91860001001 Customer NISMF Date rec'd 07 APR99

# Description/ID of each sample	Units	Result	Major Aroclor present
001 21 GREASE	ug/g	<1.0	-ND-
002 22 GREASE	ug/g	<1.0	-ND-
003 23 LUBE OIL	ug/g	<1.0	-ND-
004 24 GREASE	ug/g	1.3	A1254
005 25 GREASE	ug/g	<1.0	-ND-
006 26 GREASE	ug/g	<1.0	-ND-
007 27 LUBE OIL	ug/g	<1.0	-ND-

Quality control: Mtd_blk(SAT) RPD(SAT) LCS(SAT) MS/MSD_rec(SAT) Surr(SAT)
ND = Not detected. Result obtained is less than the PQL of 1.0 ug/g.
The PQL (Practical Quantitation Limit) is based on sample size, matrix, dilution required, and shipyard action limits.

This report shall not be reproduced except in full without the written approval of the laboratory.
Major Aroclor present is the major PCB group detected and does not constitute all commercial grades. ND = none detected.
Remarks: Sample(s) analyzed as received

Lab procedure EPA 600, 4-81/45. Date analyzed: 4.8.1999

Code 134.3 reviewer, date 167216 4-9-99 Code 134.3 released, date 167659 4/12/99

Distribution: NISMF, ANl 6-3551

PUGET SOUND NAVAL SHIPYARD
QUALITY ASSURANCE OFFICE
LABORATORY DIVISION
(360) 476-8092

Report 99PS02621
APR. 19 1999
PCBs in Solids

REPORT FOR POLYCHLORINATED BIPHENYLS (PCBs) IN ENVIRONMENTAL SAMPLES

Ship STEADFAST(AFDM14) Job order 8915600001001 Customer NISMF Date rec'd 07 APR99

#	Description/ID of each sample	Units	Result	Major Aroclor present
001	41 FIBERGLASS	ug/g	15	AR1268
002	42 FIBERGLASS	ug/g	<1.0	ND-
003	43 FIBERGLASS	ug/g	<1.0	-ND-
004	44 FIBERGLASS	ug/g	<1.0	-ND-
005	46 RUBBER	ug/g	1.6	AR1260
006	47 RUBBER	ug/g	<1.0	-ND-
007	48 RUBBER	ug/g	30	AR1254
008	49 RUBBER	ug/g	<1.0	-ND-
009	51 ADHESIVE TAPE	ug/g	2.7	AR1268
010	52 ADHESIVE TAPE	ug/g	<1.0	-ND-
011	53 ADHESIVE TAPE	ug/g	<1.0	-ND-
012	54 ADHESIVE TAPE	ug/g	<1.0	-ND-
013	55 ADHESIVE TAPE	ug/g	<1.0	-ND-

Quality control: Mtd_blk[SAT] RPD[SAT] LCS[UNSAT] MS/MSD_rec[SAT] Surr[SAT]

ND - Not detected. Result obtained is less than the PQL of 1.0 ug/g.

The PQL (Practical Quantitation Limit) is based on sample size, matrix, dilution required, and Shipyard action limits.

This report shall not be reproduced except in full without the written approval of the laboratory.

Major Aroclor present is the major PCB group detected and does not constitute all commercial grades. ND - none detected.

Remarks: Sample(s) analyzed as received. QC fails. Results for information only. Insufficient sample to rerun.

Lab procedure EPA 8082/94. Date analyzed April 16, 1999

Code 134.2 reviewer, date 04/19/99 R. DALE 156662

Code 134.2 released, date 167659 4/19/99

Distribution: NISMF. AHD 6-2410

PUGET SOUND NAVAL SHIPYARD
QUALITY ASSURANCE OFFICE
LABORATORY DIVISION
(360) 476-8092

Report 99PSD2623
APR. 8 1999
PCBs in Swipes

REPORT FOR POLYCHLORINATED BIPHENYLS (PCBs) IN ENVIRONMENTAL SAMPLES

ship STEADFAST(ADFM14) Job order N01560000I001 Customer NISMF Date rec'd 07 APR99

#	Description/ID of each sample	Units	Result	Major Aroclor present
001	FB-61 FIELD BLANK#1	ug.	<5.0	-ND-
002	FB-62 FILED BLANK#2	ug.	<5.0	-ND-
003	TB-63 TOOL BLANK#1	ug.	<5.0	-ND-
004	TB-64 TOOL BLANK#2	ug.	<5.0	-ND-
005	TB-65 TOOL BLANK#3	ug.	<5.0	-ND-
006	TB-66 TOOL BLANK#4	ug.	<5.0	-ND-

Quality control: Mtd_blk[SAT] RPD[NA] LCS[NA] MS/MSD_rec[NA] Surr[SAT]
ND = Not detected. Result obtained is less than the PQL of 5.0 ug.
The PQL (Practical Quantitation Limit) is based on sample size, matrix, dilution required, and Shipyard action limits.

This report shall not be reproduced except in full without the written approval of the laboratory.
Major Aroclor present is the major PCB group detected and does not constitute all commercial grades. ND - none detected.
Remarks: Sample(s) analyzed as received.

Lab procedure EPA 560, 8081/94. Date analyzed April 7,1999

Code 134.3 reviewer, date 04/09/99
156062

Code 134.3 released, date 4/7/99
102257

Distribution: NISMF, Ahl 6-3X63.

LAB REPT # 99PS02622 (Puget Sound Naval Shipyard) **PAGE:** 1 **OF** 8

VESSEL: Steadfast (AFDM 14) **DATE:** 30 March 1999

ELECTRICAL CABLING LOG-IN SHEET
(20 Samples Required)

Sample		Location (Compartment Name/Number)	Description Of Cable (Size, Color, Manufacturer, Mil-Spec, etc.) Sample Size: 2.5 inches	Cable Year
No.	Time			
1	0845	2-17-2-L	ARMOR CABLE	
		PASSAGE	1 1/8"	
		FR 9-17	BLACK LARGE BRAID	
2	0918	2-20-2-E	ARMOR CABLE	
		PUMP ROOM #6	1"	
		FR 17-20	BLACK LARGE BRAID	
3	0934	2-20-2-E	ARMOR CABLE	
		PUMP ROOM #6	3"	
		FR 17-20	BLACK LARGE BRAID	
4	0950	2-20-2-E	ARMOR CABLE	
		PUMP ROOM #6	7/8"	
		FR 17-20	BLACK LARGE BRAID	
5	1001	2-20-2-E	ARMOR CABLE	
		PUMP ROOM #6	1"	
		FR 17-20	BLACK SMALL BRAID	
6	1027	2-84-4-L	NON-ARMOR CABLE	UNKN
		PASSAGE	2 1/2"	
		FR 22-28	GRAY	
7	1148	2-31-2-E	ARMOR CABLE	
		SWITCHBOARD #2	1 1/2"	
		FR 28-31	BLACK SMALL BRAID	
8	0840	2-20-1-E	ARMOR CABLE	
		PUMP ROOM #2	1"	
		FR 18-20	BLACK LARGE BRAID	
9	0905	2-20-1-E	ARMOR CABLE	
		PUMP ROOM #2	5/8"	
		FR 18-20	BLACK LARGE BRAID	
10	0915	2-20-1-E	ARMOR CABLE	
		PUMP ROOM #2	1"	
		FR 18-20	BLACK SMALL BRAID	

LAB REPT # 99PS02622 (Puget Sound Naval Shipyard) **PAGE:** 2 **OF** 8

VESSEL: Steadfast (AFDM 14) **DATE:** 30 March 1999

ELECTRICAL CABLING LOG-IN SHEET

(20 Samples Required)

Sample		Location	Description Of Cable	
No.	Time	(Compartment Name/Number)	(Size, Color, Manufacturer, Mil-Spec, etc.) Sample Size: 2.5 inches	Cable Year
11	0918	2-22-3-E	NON-ARMOR CABLE	UNKN
		VALVE ROOM #5	3/8"	
		FR 20-22	GRAY	
12	0943	STARBOARD	GENERAL CABLE	1977
		WEATHERDECK	DSGU - 4	
		FR 14	SPL PVC 3/8" GRAY	
13	1200	2-28-3-L	ARMOR CABLE	
		PASSAGE	1"	
		FR 22-28	BLACK LARGE BRAID	
14	1207	2-31-1-E	ARMOR CABLE	
		SWITCHBOARD #1	1 1/4"	
		FR 28-31	BLACK SMALL BRAID	
15				
16				
17				
18				
19				
20				

LAB REPT # 99PS02620 (Puget Sound Naval Shipyard) **PAGE:** 3 **OF** 8

VESSEL: Steadfast (AFDM 14) **DATE:** 30 March 1999

OIL SAMPLING LOG-IN SHEET

(5 Samples of Oil and 5 Samples of Grease Required)

Sample No.	Sample Time	Location (Compartment Name/Number)	Description Of Oils / Greases (Lube, Hydraulic Oils and / or Grease and Equipment Retrieved From): Sample Size: 1/4 to 1.0 inch depth
21	0751	PORT WEATHERDECK	GREASE CRANE HOOK PULLEY ON BOOM
22	1015	2-20-2-E PUMP ROOM #6 FR 17-20	GREASE REDISH MAIN BALLAST PUMP #6
23	1018	2-22-4-E VALVE ROOM #6 FR 20-22	LUBE OIL CAPSTAN #6
24	1209	2-42-2-E VALVE ROOM #4 FR 40-42	GREASE TAN DISCHARGE VALVE #2-41-2
25	0835	2-20-1-E PUMP ROOM #5 FR 18-20	GREASE DARK BROWN MAIN BALLAST PUMP #5
26	1011	STARBOARD WEATHERDECK FR 53	GREASE DARK BROWN "A" DOCKING RAILS
27	1036	2-42-1-E VALVE ROOM #3 FR 40-42	LUBE OIL CAPSTAN #3
28			
29			
30			

LAB REPT # 29PS02622 (Puget Sound Naval Shipyard) PAGE: 4 OF 8

VESSEL: Steadfast (AFDM 14) DATE: 30 March 1999

VENTILATION GASKET SAMPLING LOG-IN SHEET
(10 Samples Required)

Sample		Location (Compartment Name/Number)	Description Of Ventilation Gasket (Rubber/Wool Felt, etc.) Sample Size: 2 inch Strip
No.	Time		
31	0740	PORT WEATHER	VENT GASKET
		1-18-2	BLACK RUBBER
		FR 18	EXHAUST
32	0801	PORT WEATHER	VENT GASKET
		1-13-2	BLACK RUBBER
		FR 5	SUPPLY
33	1007	2-20-2-E	VENT GASKET
		PUMP ROOM #6	BLACK RUBBER
		FR 17-20	EXHAUST
34	1016	STBD WEATHERDECK	VENT GASKET
		1-53-1	BLACK RUBBER
		FR 53	SUPPLY
35	1020	STBD WEATHERDECK	VENT GASKET
			BLACK RUBBER
		FR 45	EXHAUST
36	1149	2-26-1-L	VENT GASKET
		CPO LOUNGE	BLACK RUBBER
		FR 23-26	RECIRC
37			
38			
39			
40			

LAB REPT # 99PS02621 (Puget Sound Naval Shipyard) **PAGE:** 5 **OF** 8

VESSEL: Steadfast (AFDM 14) **DATE:** 30 March 1999

BULKHEAD INSULATION SAMPLING LOG-IN SHEET
(5 Samples Required)

Sample		Location (Compartment Name/Number)	Description Of Insulation (Type, Color, etc.) Sample Size: 2.5 X 1/2 inch
No.	Time		
41	0817	2-8-2-Q	FIBERGLASS
		STORE ROOM	YELLOW
		FR 1-8	OUTER HULL
42	1200	2-31-2-Q	FIBERGLASS
			YELLOW
		FR 31-32	INNER BULKHEAD, ACCUSTICAL
43	0809	2-8-1-L	FIBERGLASS
		CREWS WASHROOM	YELLOW
		FR 1-8	OUTER HULL
44	1226	2-51-1-Q	FIBERGLASS
		ADMIN OFFICE	YELLOW
		FR 47-51	INNER BULKHEAD
45			

LAB REPT # 99PS02621 (Puget Sound Naval Shipyard) **PAGE:** 6 **OF** 8

VESSEL: Steadfast (AFDM 14) **DATE:** 30 March 1999

RUBBER APPLICATION SAMPLING LOG-IN SHEET
(5 Samples Required)

Sample		Location	Description
No.	Time	(Compartment Name/Number)	(See Note Below) Sample Size: 2.5 X 1/2 inch
46	0755	PORT WEATHER	RUBBER
			BLACK
		FR 10	ELECTRICAL WIRE HANGER
47	0831	2-9-2-L	RUBBER
		SUPPLY PASSAGE	BLACK
		FR 8-9	WATER TIGHT DOOR GASKET
48	1217	2-44-2-E	RUBBER
		PUMP ROOM #4	BLACK
		FR 42-44	HIGH VOLTAGE JUNCTION BOX GASKET
49	1220	2-40-3-L	RUBBER
		PASSAGE	BLACK
		FR 31-40	PIPE HANGER
50			

Rubber applications (high temperature applications) include but are not limited to:

Isolation shock mounts for electronic equipment

Pipe hanger lines

Electrical channel rubber

Foundation mounts

Pipe block hangers

NOT VENTILATION GASKETS

LAB REPT # 99PS02621 (Puget Sound Naval Shipyard) PAGE: 7 OF 8

VESSEL: Steadfast (AFDM 14) DATE: 30 March 1999

DOUBLE-BACK ADHESIVE TAPE SAMPLING LOG-IN SHEET
(5 Samples Required)

Sample		Location (Compartment Name/Number)	Description Of Equipment (Where Retrieved and Color) Sample Size: 3 inch Strip
No.	Time		
51	0822	2-8-2-Q	ADHESIVE TAPE
		STORE ROOM	BLACK
		FR 1-8	CCOL
52	1022	2-28-4-L	ADHESIVE TAPE
		PASSAGE	WHITE
		FR 22-28	CCOL
53	0811	2-8-1-L	ADHESIVE TAPE
		CREWS WASHROOM	BLACK
		FR 1-8	CCOL
54	1155	2-28-3-L	ADHESIVE TAPE
		PASSAGE	WHITE
		FR 22-28	PLACARD
55	1236	2-61-1-L	ADHESIVE TAPE
		CO's HEAD	BLACK
		FR 60-61	BULLS EYE

LAB REPT # 99PS02623 (Puget Sound Naval Shipyard) **PAGE: 8 OF 8**

VESSEL: Steadfast (AFDM 14) **DATE: 30 March 1999**

FIELD BLANKS SAMPLING LOG-IN SHEET

(2 Samples Required: One after every 30 samples)

Sample		Location (Compartment Name/Number)	Description
No.	Time		
FB-61	1040	2-42-1-E	Field Blank #1 (After sample #30)
FB-62	1240	2-61-1-L	Field Blank #2 (After sample #60)

TOOL BLANKS SAMPLING LOG-IN SHEET

(5 Samples Required: One after every 10 solid samples)

Sample		Location (Compartment Name/Number)	Description (Note: None required after oils/greases)
No.	Time		
TB-63	0917	2-20-1-E	Tool Blank #1 (After sample #10)
TB-64	1210	2-31-1-E	Tool Blank #2 (After sample #20)
TB-65	1150	2-61-1-L	Tool Blank #3 (After sample #40)
TB-66	1225	2-40-3-L	Tool Blank #4 (After sample #50)
TB-67			Tool Blank #5 (After sample #60)

Dept of General Services
State Agency for Surplus Property
Form No. GSSP-3 (Rev 2-91)

Distribution Document

STATE AGENCY FOR SURPLUS PROPERTY
DEPARTMENT OF GENERAL SERVICES
1421 No. Market Blvd., Sacramento, CA 95834-1938

DD # H24881
Date 7/21/99

BILL TO:

Donee # 38-9-0110-3H
SAN FRANCISCO CITY COUNTY OFFIC
1003-A TURK STREET
SAN FRANCISCO CA 94102

REPRESENTATIVE:
CANTON, LUCIEN (T)

SHIP TO: PETER A. DAILEY / PORT OF SAN FRANCIS
Address
Telephone 4152740400
P O #
Billing Code V3648

☑ DPU ☐ PICK UP ☐ SHIP ☐ WILL CALL

					FOR STATE AGENCY USE ONLY		
I.D. Number	Description	Quantity	Unit of Issue	Unit charges	Total charges	T, W S, D	Unit acq. cost
1. R208501	DRYDOCK, FLOATING, "STEADFAST"	1	EA	$93,600.00	$93,600.00	D	
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

SAN FRANCISCO PORT COMMISSION
Agend Item: 5 - A
August 10, 1999

ATTACHMENT "C"

NOTE
P AND S PROPERTY IS NOT SUBJECT TO THE TERMS AND CONDITIONS LISTED ON THE REVERSE OF THIS DISTRIBUTION DOCUMENT.

Subtotal	93,600.00
Tax	$0.00
Delivery	$0.00
Total Amount Due	93,600.00

Cashier's Name
Check #
Cash ☐ Check ☐ Visa ☐ Master ☐

This section is for accounting transactions only.

Checked by: JJ
(Customer service clerk)

Item(s) number above approved for cannibalization/secondary utilization by:

Received only those items marked Take(T) or Ship(S)

Signature of person receiving items marked Date

Item Delivered by:
Date

☐ State truck ☐ Commercial

Signature of person receiving items marked (X) Date

rptDistribution Document v1.0

CERTIFICATION

Being the duly authorized agent of the above donee, I accept the property listed hereon and commit the donee to the certifications, terms, and conditions printed on the reverse side of this document.

Signature of authorized official Date

Title

TERMS AND CONDITIONS

(A) THE DONEE CERTIFIES THAT:

(1) It is a public agency; or a nonprofit institution or organization, exempt from taxation under Section 501 of the Internal Revenue Code of 1954; within the meaning of Section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, and the regulations of the Administrator of General Services.

(2) If a public agency, the property is needed and will be used by the recipient for carrying out or promoting for the residents of a given political area one or more public purposes, or, if a nonprofit tax-exempt institution or organization, the property is needed for and will be used by the recipient for educational or public health purposes, including research for such purpose, or for programs for older individuals. The property is not being acquired for any other use or purpose, or for sale or other distribution; or for permanent use outside the state, except with prior approval of the state agency.

(3) Funds are available to pay all costs and charges incident to donation.

(4) This transaction shall be subject to the nondiscrimination regulations governing the donation of surplus personal property issued under Title VI of the Civil Rights Act of 1964, Title VI, Section 606, of the Federal Property and Administrative Services Act of 1949, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, Title IX of the Education Amendments of 1972, as amended, and Section 303 of the Age Discrimination Act of 1975.

(B) THE DONEE AGREES TO THE FOLLOWING FEDERAL CONDITIONS:

(1) All items of property shall be placed in use for the purpose(s) for which acquired within one year of receipt and shall be continued in use for such purpose(s) for one year from the date the property was placed in use. In the event the property is not so placed in use, or continued in use, the donee shall immediately notify the state agency and, at the donee's expense, return such property to the state agency, or otherwise make the property available for transfer or other disposal by the state agency, provided the property is still usable as determined by the state agency.

(2) Such special handling or use limitations as are imposed by General Services Administration (GSA) on any item(s) of property listed hereon.

(3) In the event the property is not so used or handled as required by (B)(1) and (2), title and right to the possession of such property shall at the option of GSA revert to the United States of America and upon demand the donee shall release such property to such person as GSA or its designee shall direct.

(C) THE DONEE AGREES TO THE FOLLOWING CONDITIONS IMPOSED BY THE STATE AGENCY, APPLICABLE TO ITEMS WITH A UNIT ACQUISITION COST OF $5,000 OR MORE AND PASSENGER MOTOR VEHICLES, REGARDLESS OF ACQUISITION COST, EXCEPT VESSELS 50 FEET OR MORE IN LENGTH AND AIRCRAFT:

(1) The property shall be used only for the purpose(s) for which acquired and for no other purpose(s)

(2) There shall be a period of restriction which will expire after such property has been used for the purpose(s) for which acquired for a period of 18 months from the date the property is placed in use, except for such items of major equipment, listed hereon, on which the state agency designates a further period of restriction.

(3) In the event the property is not so used as required by (C)(1) and (2) and federal restrictions (B)(1) and (2) have expired then title and right to the possession of such property shall at the option of the state agency revert to the State of California and the donee shall release such property to such person as the state agency shall direct.

(D) THE DONEE AGREES TO THE FOLLOWING TERMS, RESERVATIONS, AND RESTRICTIONS:

(1) From the date it receives the property listed hereon and through the period(s) of time the conditions imposed by (B) and (C) above remain in effect, the donee shall not sell, trade, lease, lend, bail, cannibalize, encumber, or otherwise dispose of such property, or remove it permanently, for use outside the state, without the prior approval of GSA under (B) or the state agency under (C). The proceeds from any sale, trade, lease, loan, bailment, encumbrance, or other disposal of the property, when such action is authorized by GSA or by the state agency, shall be remitted promptly by the donee to GSA or the state agency, as the case may be.

(2) In the event any of the property listed hereon is sold, traded, leased, loaned, bailed, cannibalized, encumbered, or otherwise disposed of by the donee from the date it receives the property through the period(s) of time the conditions imposed by (B) and (C) remain in effect, without the prior approval of GSA or the state agency, the donee, at the option of GSA or the state agency, shall pay to GSA or the state agency, as the case may be, the proceeds of the disposal or the fair market value or the fair rental value of the property at the time of such disposal, as determined by GSA or the state agency.

(3) If at any time, from the date it receives the property through the period(s) of time the conditions imposed by (B) and (C) remain in effect, any of the property listed hereon is no longer suitable, usable, or further needed by the donee for the purpose(s) for which acquired, the donee shall promptly notify the state agency, and shall, as directed by the state agency, return the property to the state agency, release the property to another donee or another state agency or a department or agency of the United States, sell, or otherwise dispose of the property. The proceeds from any sale shall be remitted promptly by the donee to the state agency.

(4) The donee shall make reports to the state agency on the use, condition, and location of the property listed hereon, and on other pertinent matters as may be required from time to time by the state agency.

(5) At the option of the state agency, the donee may abrogate the conditions set forth in (C) and the terms, reservations, and restrictions pertinent thereto in (D) by payment of an amount as determined by the state agency.

(E) THE DONEE AGREES TO THE FOLLOWING CONDITIONS, APPLICABLE TO ALL ITEMS OF PROPERTY LISTED HEREON:

(1) The property acquired by the donee is on an "as is," "where is" basis, without warranty of any kind.

(2) Where a donee carries insurance against damages to or loss of property due to fire or other hazards and where loss of or damage to donated property with unexpired terms, conditions, reservations, or restrictions occurs, the state agency will be entitled to reimbursement from the donee out of the insurance proceeds, of an amount equal to the unamortized portion of the fair value of the damaged or destroyed donated items.

(F) TERMS AND CONDITIONS APPLICABLE TO THE DONATION OF AIRCRAFT AND VESSELS (50 FEET OR MORE IN LENGTH) HAVING AN ACQUISITION COST OF $5,000 OR MORE, REGARDLESS OF THE PURPOSE FOR WHICH ACQUIRED:

The donation shall be subject to the terms, conditions, reservations, and restrictions set forth in the Conditional Transfer, Document executed by the authorized donee representative.

TOTAL P.03

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold.

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENT TO LEASE WITH SAN FRANCISCO DRYDOCK, INC.

BACKGROUND

San Francisco Drydock, Inc. is the Port's largest maritime customer and a major source of jobs for skilled blue-collar union workers in San Francisco. In December 1987, the Port entered into a thirty-year Lease (L-11320) with Southwest Marine, Inc. a California corporation ("SWM"), under which SWM leased and operated the ship yard facilities at Piers 68/70. Incorporated into the premises of this lease were two floating drydocks that the Port had acquired from Todd Shipyard, Inc. In 1993, SWM assigned the lease to San Francisco Drydock, Inc. ("SFD") in compliance with the lease terms and conditions, which the Port accepted.

Though the Bay Area has been particularly hard-hit with military base closures and defense spending cutbacks since early in the decade, SFD has been successful in transitioning its business from primarily defense-based work to chiefly commercial repairs. This trend continues as within the past twelve months they have landed work for two new cruise lines, two new tanker customers, and several new cargo vessel owners. It continues to be in the Port's best interest, therefore, to collaborate with SFD on efforts to increase San Francisco's ship repair market share and foster future growth.

THIS PRINT COVERS CALENDAR ITEM NO. 5B

About a month ago the Port's smaller drydock, Drydock #1 failed to float during a routine drydocking operation. It has since been recovered, but its lack of availability has rendered the yard non-competitive with other major full-service West Coast facilities. Anticipating the possibility that Drydock #1 could fail, Port staff has been actively seeking a remedy by searching through Government Surplus property offerings in past recent years.

In March of this year, the Port was successful in winning the transfer rights to the Medium Auxiliary Floating Drydock "Steadfast" through the assistance of Congresswoman Nancy Pelosi and a letter of support from the National Parks Department. The Steadfast is currently located in Benecia, California, and has been physically inspected by employees of both the Port and SFD. Through a Resolution dated August 10th, the Port Commission agreed to fund the transfer fee applied by the California State Agency for Surplus Property, Department of General Services, in the amount of $93,600.00 .

It is now proposed that the Steadfast be added to the Premises as defined by the original lease. In consideration for the Port's payment of transfer fees and the exclusive use of the Steadfast through the lease term, SFD agrees to pay all fees and costs associated with the moving and set up of the STEADFAST, or any permit fees associated with the operation of the STEADFAST either initially or ongoing. SFD also agrees to comply with all of the terms and conditions of that certain Vessel Conditional Transfer Document referenced in and attached to Agenda Item 5-A, as if TENANT were the Donee thereunder.

A Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. is now put forth to accomplish these intentions.

Proposed Terms:

Term:	This amendment will be effective through the duration of lease L-11320, but subject to the provisions for lease termination therein.
Premises:	The Port will add the 598 foot length overall Medium Auxiliary Floating Drydock, "Steadfast," plus all equipment and fixtures PORT may acquire in the Steadfast's transfer from the State of California, State Agency for Surplus Property to the "Premises" as defined by L-11320.
Rent:	Rent will not be affected.

Assumption of
Obligations: The Amendment requires SFD to comply with all of the terms of the Vessel Conditional Transfer Document, dated July 7, 1999, between the Port and the United States of America, Acting by and through the California State Agency for Surplus Property, Department of General Services, which agreement the Port Commission approved at its August 10, 1999 meeting.

With the addition of the Steadfast to the Premises, SFD can continue to effectively compete coastwise with other major, full-service ship repair yards, help ensure the effective utilization of the Port's ship repair assets into the next millennium, and serve to foster, revitalize, and assist this time honored and proven Bay Area industry. Port staff respectfully requests that the Port Commission approve this amendment.

A copy of the amended agreement is on file with the Commission Secretary.

Prepared by: G. L. Roybal, Market Research Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-64

WHEREAS, San Francisco Drydock, Inc. is the Port's largest Maritime customer and among the largest providers of jobs in San Francisco for blue-collar union workers, employing as many as 1,000 people per day; and

WHEREAS, San Francisco Drydock, being the last remaining full service shipyard in Northern & Central California, has achieved successful entry and transition into the commercial ship repair markets, and continues to add new cruise ship, container, and tanker repair clientele that in turn attracts more maritime traffic into San Francisco and creates demand for all of the Port's maritime facilities; and

WHEREAS, it continues to be in the Port's best interest to collaborate with SFD on efforts to increase San Francisco's ship repair market share, foster future growth, and ensure effective utilization of the Port's ship repair assets; and

WHEREAS, the Port's smaller drydock, Drydock #1 recently failed to float during a routine drydocking operation, negatively impacting San Francisco Drydock's ability to compete coastwise with other major, full-service ship repair yards; now, therefore be it

RESOLVED, that the Port Commission hereby approves the Third Amendment to Lease L-11320 with San Francisco Drydock, Inc., allowing San Francisco Drydock to operate the Port's recently acquired surplus drydock "Steadfast."

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 10, 1999.

____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for Authorization to Issue Request for Proposals to Lease the Roundhouse One Building at 1500 Sansome Street.

DIRECTOR'S RECOMMENDATION: AUTHORIZE ISSUANCE OF REQUEST FOR PROPOSALS TO LEASE THE ROUND HOUSE ONE BUILDING AT 1500 SANSOME STREET.

BACKGROUND

The Roundhouse One Building is part of a three building complex known as Roundhouse Plaza situated on Seawall Lot 318 bounded by The Embarcadero, Lombard Street and Sansome Street. The Roundhouse Plaza consists of the Roundhouse One Building, the Roundhouse Two Building and a smaller building known as the Sandhouse Building. The Port assumed control of this complex in 1994 following the default of the former Port lessee/developer.

The Roundhouse Plaza contains 41,444 rentable square feet leased to 22 retail and office tenants. Roundhouse One contains 18,610 rentable square feet in a 20,025 square foot two story building. Six tenants occupy various office space in the Roundhouse One Building. All of the Roundhouse Plaza leases are full service leases with the Port providing janitorial, utility and heating air conditioning and ventilation (HVAC) to the tenants. Current gross revenues from the Roundhouse Plaza are $67,291.00 per month ($807,492) per year. Net annual revenues are $658,145.00. Net revenues attributable to the Roundhouse One Building are $186,875.00.

When controlled by the previous master lessee/developer, the complex was managed by a retained property management firm. Current Port Real Estate and Maintenance and Engineering Divisions staffing does not permit the level of attention required for this class A – office complex. Port Real Estate staff believes that the leasing of all or part of the Roundhouse Plaza complex to a single user or users on a triple net basis could relieve the Port of many maintenance and property administration functions as well as enhance net Port revenues.

The Facility

The Roundhouse One Building is a 20,025 square foot free standing two story building situated at the corner of the intersection of the Embarcadero and Sansome Street. The interior improvements consist quite literally of a building within a building. The Roundhouse One Building is in fact the former engine roundhouse of the San Francisco Short Line Railroad and is listed on the National Register of Historic Places.

Bidding Procedure

Port staff proposes to issue an "Available for Lease" package consistent with real estate industry standards. The package would contain a site map, a narrative physical description, minimum rent parameters, along with a Port Application for Lease and an offer sheet to be returned by interested bidders. Bidders would be required to submit an earnest money deposit of $20,000.00 along with the offer sheet and application to lease.

Selection

The returned submittals will be analyzed by Port staff to select the financially qualified bidder offering the best rental-term and tenant improvements package. Port staff would then negotiate a lease with the selected bidder utilizing the Port's standard lease format. The earnest money deposits will be returned to the bidders not selected.

Preference will be given to bidders proposing to conduct businesses in the Roundhouse One Building that are consistent with Trust purposes.

The final lease will be presented to the Port Commission and pursuant to Charter Section 2.110g, to the Board of Supervisors of the City and County of San Francisco for approval.

MINIMUM PARAMETERS

Rent: Port staff is seeking a minimum net rental to the Port of $35,750 per month ($1.90 per square foot net, net) or $429,000 per year.

Rent Credits: Consistent with Port Commission policy, rent credits equal to $2.50 per square foot would be available for new floor coverings. A like amount would be available for new interior wall finishes.

A separate rent credit of up to $350,000 would be available for the segregation of all utilities and the installation of a dedicated Heating Ventilation and Air Conditioning system (HVAC) to serve only the Roundhouse One Building.

The floor covering and wall finishes rent credits would be applied against the monthly rent at a rate not to exceed one half of the monthly rent obligation until fully applied. The HVAC rent credit would be amortized over the ten year term of the lease.

Rent Commencement: Upon delivery of the premises to the Tenant.

Delivery to Tenant:

October 1, 1999:	6,733 square feet
May 1, 2000:	12,083 square feet

Term: 10 years from delivery of entire premises.

Use: General administrative offices.

Assignment and Subletting: With the approval of the Port Commission and subject to the retention of all sublease profits assignment fees or other considerations by the Port.

Brokerage Commission: Consistent with Port Commission policy, no real estate brokerage commissions are provided for RFP transactions.

Projected RFP Schedule

Port Commission Authorization to Issue RFP:	August 10, 1999
Issue RFP:	August 11, 1999
Site Tour for prospective Bidders:	August 25, 1999
Submittal Deadline:	September 10, 1999
Selection of bidder and Lease Negotiations:	September 15, 1999
Port Commission Authorization to enter into lease (approximate)	October 12, 1999
Board of Supervisors Approval (est)	November 29, 1999
Lease Commencement (est)	December 1, 1999

Benefits: A bid within the minimum parameters set forth in the Request for Proposals would provide $289,675 dollars of net revenue to the Port during the first full lease year of which $102,801 would be incremental. Incremental revenues for the second full lease year would equal $196,881.00. In addition, the requirement that the tenant provide a dedicated HVAC system for the Roundhouse One Building will extend the service life of the existing Roundhouse Plaza HVAC system by reducing the load requirement of the existing system by nearly fifty percent.

The selection of a single user of sufficient financial capacity to undertake the required improvements will protect the Port from the undulations of future real estate markets and eliminate the periodic vacancies and revenue losses attributable to lease expirations and tenant move outs inherent with a multi-tenanted building.

Conclusion: Port staff recommends your authorization to issue a request for proposals for the lease of the Roundhouse One Building.

Prepared by: Nicolas J. Dempsey, Commercial Property Manager, Leasing

G:WP51/Agenda/Roundhouse#1Bldg./ND:vw/8/4/99

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-65

WHEREAS, Charter 3.581 authorizes the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control and lands within Port jurisdiction; and

WHEREAS, the triple net lease of the Roundhouse One Building to a single tenant/user provides an excellent opportunity to enhance Port revenues; and

WHEREAS, the triple net lease of the Roundhouse One Building to a single tenant/user will permit the Port to better serve the needs of the Port's other tenants in the Roundhouse Plaza complex; and

WHEREAS, Section 2.110g of the Charter of the City and County of San Francisco Code requires that leases of over 10 years in length or that will generate income in excess of One Million Dollars, be publicly bid; therefore, be it

RESOLVED, that the Port Commission authorizes staff to offer through a request for proposals and qualifications (RFP) process consistent with real estate industry standards, a lease of up to ten years for the Roundhouse One Building located at 1500 Sansome Street in accordance with the terms set forth in the Memorandum to the Port Commission for this Resolution.

I hereby certify that the Port Commission at its meeting of August 10, 1999 adopted the foregoing Resolution.

____
Secretary

G:\WP51\AGEND\Roundhouse#1Bldg\ND:vw\8/4/99

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Second Amendment to the Professional Services Contract CT-3970006 with Concept Marine Associates for the "Design of the Hyde Street Harbor Facility" for additional services in the sum of $97,978.

DIRECTOR'S RECOMMENDATION: APPROVAL OF A SECOND AMENDMENT, AUTHORIZING ADDITIONAL DESIGN SERVICES UNDER PROFESSIONAL SERVICES CONTRACT FOR "HYDE STREET HARBOR FACILITY" WITH CONCEPT MARINE ASSOCIATES.

On October 22, 1997, the Controller certified Port Contract CT-3970006 with Concept Marine Services, Inc. ("CMA") for $240,300. The work scope included programming, design development, cost estimating, and contract document development for construction of the Hyde Street Harbor Waterside Facility. On May 20, 1998, the Port Commission approved the first amendment to the Contract to include the landside component, incorporating the design received from Port's Disability Access Advisor, the Fisherman's Wharf Association and members of the Environmental Quality Advisory Committee ("EQAC"). The first contract amendment increased the contract amount to $333,490.

Upon completion of CMA's design work and construction documents, the Port advertised for bidding for construction of the "Hyde Street Harbor Facility and Public Access Improvements Project" (Project). However, all bids received for the construction of the Project on June 16, 1999 substantially exceeded the engineer's estimate and the amount of funding available for the project. On July 27, 1999, the Port Commission rejected all bids for the Project due to insufficient funds.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

In order to reduce the cost and proceed with the Project, a second amendment to the CMA contract is required. The second amendment will direct CMA to re-evaluate the Project, propose cost saving measures, develop detailed design documents that include the cost saving measures and assist in re-bidding the Project. As a result of the Value Engineering, Staff anticipates a savings of approximately $800,000 in construction costs. The second amendment will also direct CMA to include a new electrical transformer into the Project. These additional services are required to revise the project scope and realize cost savings for the project. Additional services required of CMA include:

A. Project Value Engineering:

1. Provide project alternatives that will reduce the project cost without adversely affecting the Project's goals. These alternatives shall include: deleting the dredging from the Project scope; split the Project into a landside bid package and a waterside bid package; eliminate the new restroom/utility building and place those uses into the existing "blue shed building"; reduce the size of the landfill area by the size of the eliminated building; and, remove the new pier extension.
2. Provide a potential cost saving estimate and evaluate the disadvantages of implementing each of these alternates.
3. Meet with Port Staff to review the cost saving alternatives.
4. Obtain Port approval to include cost saving alternatives into the Project.
5. Modify existing contract documents, as required, and provide complete construction documents and construction support for all Project cost saving alternatives selected by the Port.

B. New Electrical Transformer:

1. Provide all necessary construction documents to show demolition and improvements as required for the new transformer.
2. Meet with PG&E, Hetch Hetchy and the Port to discuss options for providing power to the Hyde Street Harbor Waterside Facilities.
3. Locate suitable area for an above ground pad-mounted transformer to meet the access requirements for a new PG&E transformer.
4. Provide design for the transformer pad and the primary/secondary conduits in accordance with the PG&E Green Book.
5. Carry out survey of existing above ground electrical and plumbing services affected by the location of the new transformer pad and produce demolition drawings. The area affected is the existing unused fish cleaning "lean-to" building.
6. Modify existing construction documents.
7. Provide the Engineer's Estimate of construction cost.

These items are complimentary to CMA's existing role and contractual scope of services. To ensure proper coordination, scheduling and cost-effective design completion, Port Staff recommends that this work be added to CMA's existing contract. Staff has negotiated a fee of $97,978 for additional services, for a revised total contract amount of $431,468. Accordingly, Staff seeks the Commission's approval of this proposed contact amendment.

Prepared by: Ed Byrne
Senior Civil Enginer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-66

WHEREAS, the Port Commission previously awarded and amended Port Contract CT 3970006 with Concept Marine Associates ("CMA") for the engineering design services for the Hyde Street Harbor Facility, in the current amount of $333,490; and

WHEREAS, under the current engineering design, all construction bids for the facility substantially exceed the construction budget for the Project; and

WHEREAS, it is therefore necessary to amend CMA's scope of services to include additional engineering services related to the value engineering and a new electrical transformer for the Project; and

WHEREAS, CMA is prepared to develop the necessary construction and bid documents for the Port to reduce the project cost, divide the landside and waterside aspects into separate bid packages, and to include the new electrical transformer into the construction project; and

WHEREAS, Port Staff negotiated a fee of $97,978 for CMA to provide these additional engineering design services; now, therefore be it

RESOLVED, the San Francisco Port Commission hereby approves the second amendment in the amount of $97,978 to its existing contract with Concept Marine Associates for Professional Services Contract, "Hyde Street Harbor Facility" (Port Contract CT-3970006) and authorizes the Port Staff to execute the Second Amendment.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 10, 1999.

____
Secretary

I:\CLIFF\Commission\HSH CMA Ammend 2 Comm Agenda.doc

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to execute Contract Modification No. 1 for Construction Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C", with Dutra Dredging Company.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO EXECUTE CONTRACT MODIFICATION NO. 1 FOR CONTRACT 2655, IN THE ADDITIONAL SUM OF $1,200,000 TO DUTRA DREDGING COMPANY

The Port has a considerable amount of Maintenance Dredging to perform this fiscal year. There has been additional urgency placed on completing this dredging as soon as possible due to new requirements contained in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office. These new requirements become effective this year and will limit the amount of time allowed for in-bay dredging to six months per year, from June 1 through November 30. In order to start the Port's Maintenance Dredging as soon as possible, a Contract Modification with Dutra Dredging is required. This Contract Modification will include the Central Basin, Hyde Street Harbor and the Downtown Ferry Terminal dredging into Contract 2655. This Contract Modification will include dredging materials unsuitable for in-bay disposal as required for these sites.

Dutra has agreed to include the Central Basin and Downtown Ferry Terminal sites into the contract at the contract unit rates. Port Staff negotiated slightly higher rates for the Hyde Street Harbor dredging due to the site difficulties and limited dredge volume. The maintenance dredging work includes contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris disposal. This cost estimate includes disposal of dredge spoils unsuitable for in-bay disposal. The cost estimate for the additional dredging is $1,200,000, which includes a 15% contingency.

Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80. Contract Modification No. 1 will bring the total contract value to $3,236,150. The Human Rights Commission has approved this proposed Contract Modification, subject to Port Commission approval.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

This Print Covers Calendar Item No. 7B

I:\CLIFF\Commission\Agd-2655, Mod 1.doc

PORT OF SAN FRANCISCO
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-57

WHEREAS, Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80; and

WHEREAS, due to new regulations limiting the duration of yearly dredging, it is necessary to modify the contract; and

WHEREAS, Contract Modification No. 1 for $1,200,000 including required dredging at Central Basin, Hyde Street Harbor and Downtown Ferry Terminal sites into Contract 2655 requires Commission approval; now, therefore, be it

RESOLVED, that the Port Commission approves Contract Modification No. 1 of Contract 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C", with Dutra Dredging Company for a total contract amount of $3,236,150.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 10, 1999.

Secretary

i:\Cliff\Commission\ Agd – 2611, Mod 3 (revised)

PORT OF SAN FRANCISCO

2655 Contract Modification

Dredging Quantity and Cost Estimate

FACILITY NAME	DREDGE DEPTH (M.L.L.W.)	Priority		2655 Change Order Estimated Dredging Cost				
				Quantity Cu. Yds.	Assumed Upland Disposal CY's	Up-land Disposal ($)	In-Bay Dredging Disposal Cost ($)	Estimated Dredging Cost ($)
Central Basin	-32 ft.			233,000			$ 764,240.00	$ 764,240.00
Downtown Ferry	-20 ft		#	13,616	1,284	$ 44,940.00	$ 40,448.96	$ 85,388.96
Hyde Street Harbor	-14 ft			7,500	2,400	$ 156,000.00	$ 35,700.00	$ 191,700.00
Contingency								$ 127,444.34
TOTAL								$ 1,168,773.30

Funding

Central Basin Funds CPO625-02	$	900,000
HSH	$	200,000
DTFT	$	100,000
Total	$	1,200,000

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Enter into Exclusive Negotiations with Stanford Hospitality, Inc. to develop Hotel at Broadway and The Embarcadero

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ENTER INTO EXCLUSIVE NEGOTIATIONS WITH STANFORD HOSPITALITY, INC. FOR HOTEL AT BROADWAY AND THE EMBARCADERO

BACKGROUND

On October 27, 1998, the Port Commission by Resolution No. 98-107 authorized issuance of a Request for Qualifications and Proposals ("RFQ/P") for development of a full-service first-class hotel on parcels located at Broadway and The Embarcadero, which are shown on the Site Plan attached hereto as Exhibit A. The RFQ/P was issued on November 18, 1998. Three respondents submitted qualifications in response to the RFQ/P by the deadline of January 25, 1999: Stanford Hospitality, Inc.("Stanford"), Promus Hotel Corporation/Koll Development ("Promus"), and Tom Flowers Associates. At its March 9, 1999 meeting, the Port Commission by Resolution No. 99-18 invited two of the respondents - Stanford and Promus - to submit proposals for the hotel development opportunity.

Stanford was the only respondent to submit a proposal by the deadline of May 18, 1999. On June 8, 1999 Stanford and its architect, Patri Merker, made an informational presentation to the Commission showing the design and concept for the proposed hotel.

As provided in the RFQ/P, the Port Commission may authorize staff to enter into exclusive negotiations with a single respondent. Upon execution of the Exclusive Right to Negotiate Agreement, the respondent's $100,000 Earnest Money Deposit will be retained as a non-refundable fee for a six-month period of exclusive negotiation during which:

- A development agreement, lease and related documents for the lease and development of the Site in a final form approved by the San Francisco City Attorney will be negotiated incorporating specific terms including, but not limited to , the Port's and lessee's responsibilities, the economic parameters, development standards and requirements and performance schedule;

- The selected respondent will complete its "due diligence" review of the Site, finalize financial projections and complete preliminary development plans including, but not limited to, floor plans, elevations and renderings of the project;

- The selected respondent, with the Port's assistance, will complete environmental review and commence other regulatory approval processes.

The period of exclusive negotiations may be extended for one six-month period for a fee of $50,000 payable in advance. However, if the reason for the extension is that environmental review has not been completed, the additional payment is waived. The period of exclusive negotiations may be extended for one additional six-month period (for no fee) if environmental review has not been completed during the previous option period.

SUMMARY OF STANFORD PROPOSAL

Development Team

Development Entity:	Stanford Hospitality, Inc., a California corporation
Lessee:	Stanford Hospitality, Inc., a California corporation
Hotel Operator:	Stanford Hotels Corporation, a wholly owned subsidiary of Stanford; Franchises being considered are Hilton, Marriott and Starwood brands
Key Personnel:	Lawrence Lui, President of Stanford
Key Consultants:	Patri Merker Architects (design); Architectural Resources Group (historic design); Public Affairs Management (regulatory); Jefferson Company (community relations); Bovis Construction (general contractor)

Previous Development Experience: Residence Inn by Marriott, Pleasanton, CA (under construction); Sheraton Gateway Hotel S.F. Int'l Airport (expansion); and Hilton Washington Dulles Airport Hotel (expansion)

Hotel Management Experience: 15 hotels, including Hilton, Sheraton, Holiday Inn, Doubletree Guest Suites, Radisson and Marriott brands, ranging in size from 130 to 405 rooms

Development Concept

410-room first-class hotel consisting of 244 rooms and 166 suites, approximately 20,000 sq ft of meeting space, 11,000 square feet of retail space along Broadway, two hotel restaurants, one free-standing restaurant, 217 parking spaces, two cocktail lounges, a health spa, lobby, and pedestrian sky bridge over Davis Street.

Proposed Business Terms

Term: 66 years

Guaranteed Minimum Base Rent: $1,000,000 annually years 1-3, $1,250,000-year 4; $1,500,000 - year 5; $1,750,000 - year 6; CPI increases thereafter starting year 7

Percentage Rent (of gross receipts): 5%-rooms; 2%-food and beverage operated by hotel; 3%-food and beverage by sublessee operators; 10%-telephone; 5%-parking, retail and other. (These are the minimum percentages required by the RFP). Percentage rent starts with the sixth year after the hotel opens and will be paid to the extent that it exceeds the minimum guaranteed base rent.

Construction Period Rent: $50,000 annually

Financing: Developer estimates construction costs (hard and soft) at $70 million and proposes to finance with 30% equity, 70% debt

Schedule: A 31/2-year period for design, regulatory approvals, lease documentation and construction is proposed.

Other Terms: Stanford proposes that the Port pay for any hazardous materials disposal; that the Affordable Housing Program exaction fee (adopted by the Board of Supervisors after issuance of the RFQ/P) be paid by the Port through a rent reduction amortized over the first 7 years; and that the project split into two separate hotels if a sky bridge is not approved.

STAFF ANALYSIS

Port Staff and HVS International, the independent financial advisor retained by the Port that specializes in the hospitality industry, reviewed and analyzed Stanford and its proposal, including a review of the financial capacity of the respondent, as well as additional information regarding the respondent, the proposed pedestrian sky bridge and the feasibility of the project. Stanford's proposal was analyzed against the criteria in the RFQ/P, and Port staff has concluded that the proposal is responsive and satisfies the submittal requirements. The proposal indicates that this San Francisco-based company, and the local team members, have the collective experience necessary to deliver a development project that meets the Port's Project Objectives. The development concept is consistent with the RFQ/P and offers an opportunity for the Port to achieve its objectives for this Site, pending negotiation of mutually satisfactory business terms with Stanford.

It must be noted, however, that the Port is not in agreement with Stanford's proposed construction period rent, with the proposal concerning the cost of hazardous materials remediation, with the rent credit for the exaction fee, nor with the proposal to build two hotels if the sky bridge is not approved. The Port also has some concerns about the construction costs and the feasibility of the project. These and other issues need to be further negotiated by Port staff with Stanford. Port staff anticipates reaching a mutually satisfactory resolution of these issues during the exclusive negotiation period.

STAFF RECOMMENDATION

Staff recommends that the Port Commission authorize Staff to enter into exclusive negotiations with Stanford for the development of a hotel at Broadway and The Embarcadero.

Prepared by: Kirk Bennett
Manager, Waterfront Development Projects

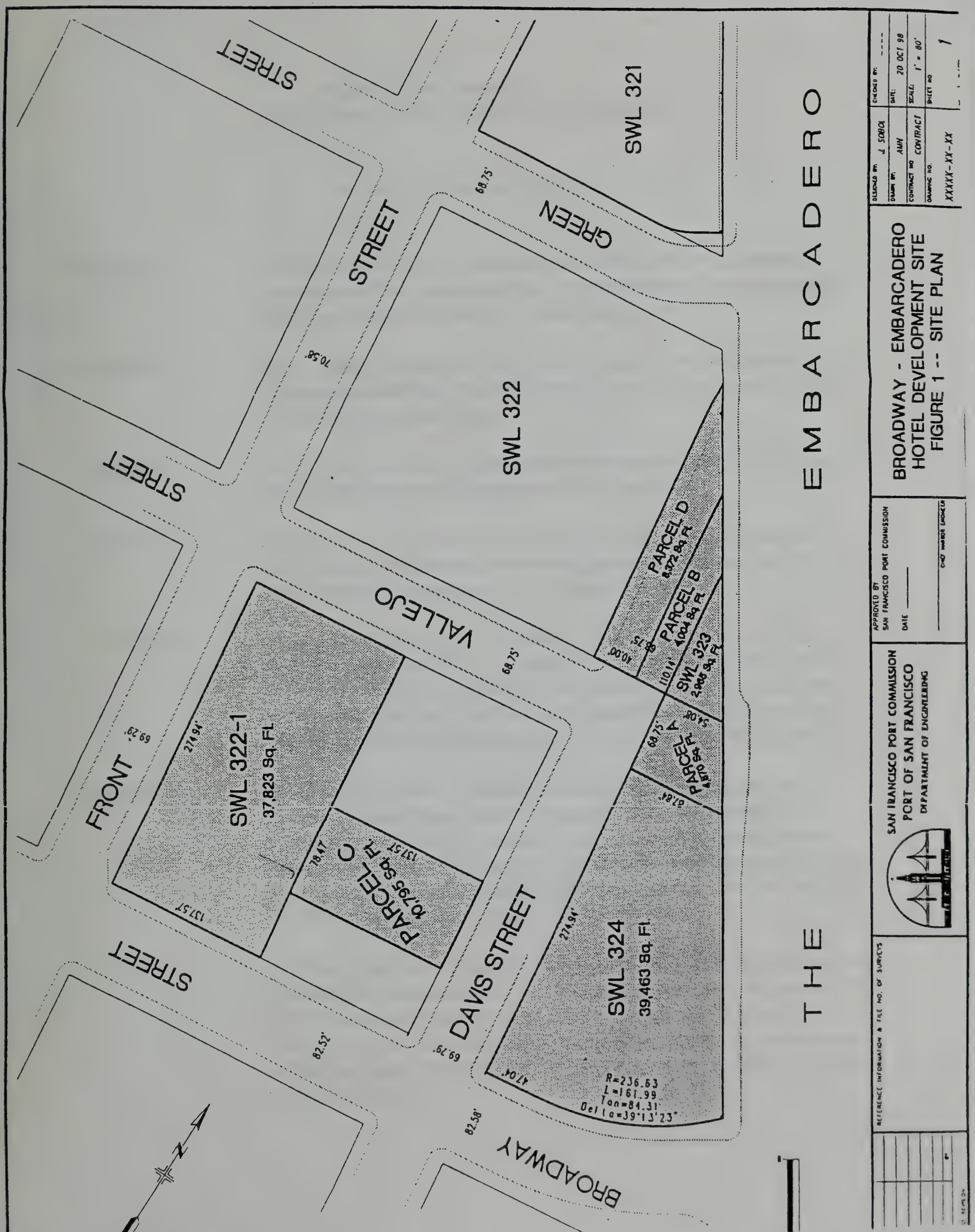

FRONT STREET
STREET
STREET
STREET
GREEN
VALLEJO
DAVIS STREET
BROADWAY
THE EMBARCADERO
SWL 321
SWL 322
SWL 322-1
37,823 Sq. Ft.
PARCEL C
10,795 Sq. Ft.
SWL 324
39,463 Sq. Ft.
PARCEL D
5,372 Sq. Ft.
PARCEL B
4,004 Sq. Ft.
SWL 323
2,968 Sq. Ft.
PARCEL A
4,870 Sq. Ft.
70.58'
68.75'
68.75'
69.29'
274.94'
137.57'
78.47
137.57'
82.52'
69.79'
82.58'
274.94'
47.04'
R=236.63
L=161.99
Tan=84.31
Delta=39°13'23"
10.00'
68.75'
110.14'
54.08'
68.75'
62.84'
N
REFERENCE INFORMATION & FILE NO. OF SURVEYS
SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING
APPROVED BY SAN FRANCISCO PORT COMMISSION
DATE
CHIEF HARBOR ENGINEER
BROADWAY - EMBARCADERO
HOTEL DEVELOPMENT SITE
FIGURE 1 -- SITE PLAN
DESIGNED BY: J. SOBOL
CHECKED BY: ----
DRAWN BY: AMN
DATE: 20 OCT 98
CONTRACT NO: CONTRACT
SCALE: 1" = 80'
DRAWING NO.: XXXXX-XX-XX
SHEET NO: 1

EXHIBIT A

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-62

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the Port owns certain properties known as Seawall Lots 323, 324 and 322-1, "the Broadway Development Site"; and

WHEREAS, on November 18, 1998 the Port issued a Request for Qualifications and Proposals for the lease and development of a full-service, first-class hotel at the Broadway Development Site; and

WHEREAS, Stanford Hospitality, Inc. submitted a proposal in response to the RFQ/P on May 18, 1999, which response complied with the submittal requirements stated in the RFQ/P and which response was reviewed and evaluated by Port Staff and by an independent financial advisor retained by the Port that specializes in the hospitality industry; and

WHEREAS, based on this review, Port Staff has recommended that the Port Commission enter into exclusive negotiations with Stanford Hospitality, Inc., and if agreement can be reached regarding certain elements of Stanford's proposal, as outlined in the Memorandum to the Port Commission dated August 4, 1999 for Agenda Item 8-A, execute an Exclusive Right to Negotiate agreement; and

WHEREAS, The Port Commission has reviewed the Port Staff recommendation set forth in the Memorandum to Port Commissioners dated August 4, 1999, for Agenda Item 8-A, and has determined that Stanford Hospitality, Inc. meets the qualification requirements for development of the Broadway Development Site into a full-service, first-class hotel; now therefore be it

RESOLVED, that the Port Commission hereby authorizes and directs the Executive Director of the Port, or his designee, to enter into exclusive negotiations with Stanford Hospitality, Inc. and if agreement can be reached regarding certain elements of Stanford's proposal, as outlined in the Memorandum to the Port Commission dated August 4, 1999 for Agenda Item 8A, execute an Exclusive Right to Negotiate agreement, with the understanding that the final terms and conditions of any development agreement, lease or related documents negotiated between the Port and Stanford Hospitality, Inc. during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, that the Port will not enter into a final lease for the project which would allow for its development until there has been complete compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 10, 1999.

Secretary

I:\Jennifer\AgSumAwardERNSHI.doc

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 4, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Informational Briefing on Status of Port Planning & Development Projects

DIRECTOR'S RECOMMENDATION: NO ACTION REQUIRED

BACKGROUND:

On June 24, 1997, the Port Commission adopted the Port of San Francisco Waterfront Land Use Plan ("Waterfront Plan"), thereby lifting the seven-year moratorium on non-maritime development on Port piers and properties within 100 feet of the shore, and providing a blueprint for the future use of Port property. This accomplishment, along with the current real estate market and other factors, has spurred considerable interest by private developers, public agencies and citizens in revitalization of Port property. The Port's Planning & Development Division has been working on many projects to implement the Waterfront Plan. The purpose of this report is to provide you with an update of these projects.

This Print Covers Calendar Item No. **8B**

MAJOR PLANNING PROJECTS

BCDC Negotiations

The Port Planning Staff has been working closely with staff of the Bay Conservation and Development Commission ("BCDC") and Save San Francisco Bay Association to jointly develop changes to BCDC policies and procedures to 1) implement the Waterfront Plan; and 2) to more effectively meet BCDC's mandate to improve public access to the waterfront and the Bay environment.

The objectives of these efforts are to comprehensively identify locations for creating new open space and public access areas and fill removal, to be implemented as new waterfront development projects occur. The negotiations also address amendment of BCDC policies and permitting procedures to improve the BCDC permit and design review process, while adding clarity and certainty to the land use approvals process for Port properties. The negotiations are intended to result in amendments to BCDC plans.

The Port is providing $118,000 to fund the completion of the effort. BCDC has proposed a schedule for completing the plan, which would result in BCDC and Port Commission public hearings and approvals in December 1999.

Historic Preservation Planning

The Waterfront Plan includes historic preservation policies. Pursuant to these policies, certain historic resources, such as the Ferry Building and Agriculture Building, will be preserved and rehabilitated consistent with the Secretary of Interior standards for preservation. Other resources, such as pier bulkhead buildings, will be retained, and still others require further preservation review and analysis before determining which additional resources should be retained and to what extent they can be rehabilitated.

The Port is conducting further research and analysis of its historic resources north of China Basin Channel. This effort will continue throughout 1999 and 2000, and may require consultant assistance. The completion of this work will be coordinated with completion of the BCDC negotiations and amendments, and timely processing of Port commercial development and maritime projects and building permits.

Some of these projects, such as Pier 1 and the Ferry Building, involve historic preservation and adaptive reuse. On January 5, 1999 the Secretary of the Interior placed Pier 1 on the National Register of Historic Places. This and other preservation efforts will be pursued by the Port as part of the approval process for individual projects, and may occur in advance of completing historic preservation policies for other waterfront areas.

Southern Waterfront Planning

The Port has received several lease proposals for Pier 80, and Piers 90 through 96 in the Southern Waterfront. Many are for maritime industrial or other industrial activities south of Islais Creek. A number of these proposed uses (e.g. concrete-batching plants, crushing and recycling, storage of aggregate for concrete operations) have raised environmental and public health concerns with the Bayview and Hunter's Point neighborhoods. The proposed leases and projects in the Southern Waterfront, including an Illinois Street rail bridge between the Port's North and South cargo terminals, will be evaluated in a supplemental EIR to the Waterfront Plan EIR. To address these and other issues, the Port has established a Southern Waterfront Advisory Committee (SWAC) to solicit input regarding lease proposals for Port property, including environmental mitigation and monitoring requirements. The SWAC meets approximately once a month.

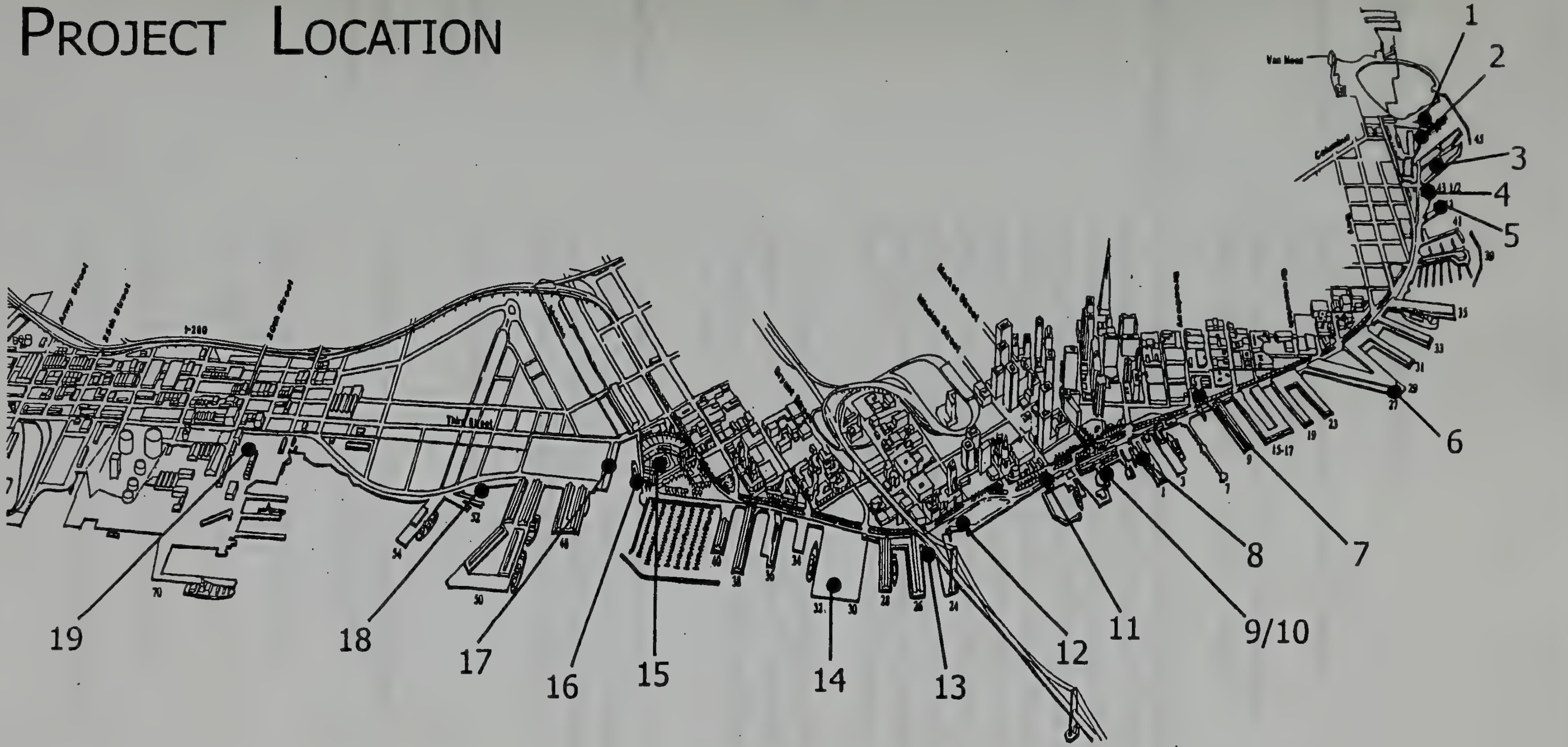
In addition to evaluating current lease proposals, the Port will conduct further planning to develop a development program for the Pier 90-94 backlands, a currently undeveloped area, which will require infrastructure and other capital improvements. The Port anticipates that this work will require some consultant assistance, coordination with other City agencies (e.g. the Planning Department and Redevelopment Agency), and ongoing discussions with the SWAC and the broader community.

MAJOR COMMERCIAL DEVELOPMENT, MARITIME, AND OPEN SPACE PROJECTS

Attached are Project Summary Sheets for each of the major commercial development, maritime and open space projects currently underway by Planning & Development Division staff. This information is meant to provide you with a brief status report on the Division's activities. The Project Location map on page 4 numerically indicates the specific location of each project referenced in this summary.

Prepared by: Paul Osmundson, Director of Planning & Development

PROJECT LOCATION



1. Hyde Street Fishing Harbor
2. Pier 47A
3. Pier 45, Shed A
4. Pier 43 1/2 Public Access Area
5. Pier 43 Ferry Terminal
6. Piers 27/29
7. Broadway Hotel Project
8. Pier 1 Martime Office Building
9. Ferry Building Rehabilitation Project
10. Downtown Ferry Terminal Project
11. Mid-Embarcadero Roadway
12. Rincon Park Restaurant
13. Pier 24 Annex Mixed Use Project
14. Bryant Street Pier Opportunity Area: (Pier 30-32/SWL 330)
15. Pacific Bell Ballpark
16. Ballpark Ferry Landing
17. China Basin Channel Shoreline Stabilization
18. Pier 52 Public Boat Launch
19. Pier 70 Opportunity Area

1. HYDE STREET FISHING HARBOR

PROJECT STAFF

Ed Byrne, Engineering Project Manager
Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning
John Davey, Maritime Operations Manager

PROJECT DESCRIPTION

A new 62-berth harbor located immediately east of Hyde Street to serve the commercial fishing fleet in Fisherman's Wharf. The Harbor will add to the existing 116 berths currently located in the inner and outer lagoons at Fisherman's Wharf. The project incorporates an extensive list of features to improve water quality in the area, including a floating debris barrier, holding tank and bilge pumpout facilities, parking lot drainage into the City sewer system, and recycling facilities. Total project cost is $4.55 million. The Port received a $3.5 million loan and a $400,000 grant from the California Department of Boating and Waterways. The remainder of the funding will be from Port capital allocations.

STATUS

In June the Port received construction bids of which all were over the project budget. In July 1999 the Port Commission rejected all bids. In August the Commission will consider modifying the project to reduce the project scope.

APPROVALS

The Port obtained project approval from BCDC on December 3rd, 1998,and a permit from the army Corp. of engineers on March 31, 1999. A waiver of water quality certification was received from the Regional Water Quality Control Board in November 1998.

PRIMARY CONSULTANTS

Concept Marine Associates

SCHEDULE MILESTONES

December 1998	Port Commission approved advertising for construction bid
August 1999	Project is dredged
Fall 1999	Project is rebid
January 2000	Construction begins
August 2000	Complete construction

2. PIER 47A

PROJECT STAFF

Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning
Victor Yew, Project Engineer

PROJECT DESCRIPTION

Remove and reconstruct the existing pier. The Port received a grant from the Federal Highway Administration to reconstruct Pier 47A as a public pedestrian and transient berthing pier. The pier will include an ADA accessible float with berthing space for fishing boats. There will also be viewing areas, lighting, and space for interpretive signage. The pier offers excellent views of fishing boats unloading onto the west side of Pier 45.

STATUS

The Port completed construction documents and advertised for construction bids in April, 1998. All bids were rejected because they exceeded the project budget. Port crews demolished the unsafe portions of the existing pier in August. Port staff is currently preparing revised construction drawings.

APPROVALS

The Port has secured approval from BCDC and the Army corp. of Engineering for the proposed work.

PRIMARY CONSULTANTS

None

SCHEDULE MILESTONES

To be determined	Advertise for construction bids
To be determined	Begin construction
To be determined	Complete construction

3. Pier 45, Shed A

Project Staff

Kirk Bennett, Manager, Waterfront Development Projects
Rich Hentschel, Feasibility Analyst
Marshall Foster, Planning Intern

Project Description

The Port Commission, by Resolution No. 97-83, adopted guidelines for long term use of Pier 45 Sheds A & C, based upon recommendations from the Pier 45 Advisory Group. Included in the guidelines is that Shed A is "to be reserved primarily for public attraction uses that are compatible with the fishing industry and with the Fisherman's Wharf area and include a significant maritime component."

Status

Pursuant to Port Commission Resolution 97-83, the Pier 45 Advisory Group was reconvened in November 1998 to review and provide recommendations regarding the development concept for a public attraction use in Shed A to be incorporated into a RFP for the development of Shed A. During June, 1999, the Pier 45 Advisory Group made recommendations to Port staff regarding the development concept for the RFP. On June 29, 1999, the Port Commission by resolution 99-45 approved the development concept for this RFP and authorized issuance of the RFP.

Project Approvals

The project will require permits and approvals from the Port Commission BCDC, and the Board of Supervisors.

Schedule Milestones

August 1999	Issue RFP
January 2000	Deadline for submitting responses to RFP.

4. PIER 43 ½ PUBLIC ACCESS AREA

PROJECT STAFF	**Dan Hodapp Planner** Diane Oshima,, Manager, Waterfront Planning Ed Byrne, Engineering Project Manager	
PROJECT DESCRIPTION	Reconstruct the approximately 40 by 60 foot public access area at the northwest end of Pier 43 ½ as required by BCDC. The project will include a raised platform to accommodate wheelchair viewing, and a historic pier bell and replica of a bell sounding board. There will also be interpretive signage explaining the history and use of the pier bell. The total project cost is $470,000 which will be funded by a combination of Port Operating and Capital funds.	
STATUS	Port Facilities and Operations Division began construction in May 1998 and has completed the pier deck. Construction of the surface improvements and bell structure began in August and will be completed in September 1999.	
APPROVALS	BCDC approved the permit for this project in February 1998.	
PRIMARY CONSULTANTS	None	
SCHEDULE MILESTONES	September 1999	Complete construction

5. PIER 43 PUBLIC FERRY TERMINAL

PROJECT STAFF

Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning
Denise Turner, Wharfinger

PROJECT DESCRIPTION

A public ferry terminal will be constructed at Pier 43 to provide a publicly accessible ferry landing in Fisherman's Wharf. The project will include a floating berth, pilings, gangway system, and ramps to connect to Pier 43.

STATUS

The City of Vallejo secured $1.6 million in Federal Ferry Boat Funds and $400,000 in California Transportation Commission funds for the project. The project received federal and state environmental clearance, as well as right of way clearance, in August 1997. The Port and the City of Vallejo have negotiated a cooperative agreement through which the City of Vallejo will fund the project, and manage the design and construction of the terminal. The City of Vallejo has hired a design team and working with Port staff developed a preliminary design for the terminal.

APPROVALS

The Port Commission approved the cooperative agreement with Vallejo, and must approve a landing rights agreement for the facility. Approval must also be received from BCDC, Army Corps of Engineers and Regional Water Quality Control Board.

PRIMARY CONSULTANT

Moffatt and Nichol Engineers.

SCHEDULE MILESTONES

June 1998	Cooperative Agreement Finalized
November 1998	Vallejo issued RFP for design consultant
September 1999	Preliminary Design to be completed.
March 2000	BCDC and other permits received
July 2000	Begin construction

6. PIERS 27 - 29

PROJECT STAFF

Kirk Bennett, Manager, Waterfront Development Projects
Diane Oshima, Manager, Waterfront Planning
Alec Bash, Special Assistant
Rich Hentschel, Feasibility Analyst
Marshall Foster, Planning Intern

PROJECT DESCRIPTION

On April 27, 1999, by Port Resolution No. 99-25, the Port Commission directed Port staff to commence the process prescribed in the Waterfront Land Use Plan for preparing a Request for Proposals for a mixed-use Active Recreation development project, with ancillary uses, for Piers 27-29 and possibly including Piers 29½ – 31.

STATUS

Pursuant to the site development process stated in the Waterfront Plan, Port staff has formed the Northeast Waterfront Advisory Group to provide input and guidance to Port staff on the development concept to be included in this Request for Proposals for a mixed-use active Recreation development project. The first meeting of the Northeast Waterfront Advisory Group was on June 3, 1999, and this advisory group process is expected to be completed during August, 1999. Port staff expects to recommend a development concept regarding this proposed development project to the Port Commission for its approval at its first meeting in September, and to request authorization from the Port Commission to issue an RFP for this project.

PROJECT APPROVALS

The project will require the following reviews/approvals:Port Commission award of exclusive negotiation, CEQA, Waterfront Design Advisory Committee, BCDC, Army Corps of Engineers, RWQCB, and the Board of Supervisors.

SCHEDULE MILESTONES

August 1999	Complete Advisory Group process
September 1999	Recommend development concept to Port Commission
October 1999	Issue RFP

7. BROADWAY HOTEL PROJECT

PROJECT STAFF **KIRK BENNETT, MANAGER, WATERFRONT DEVELOPMENT PROJECTS**
Jennifer Sobol, Development Project Coordinator

PROJECT DESCRIPTION This opportunity is for the development and operation of a first-class full-service hotel at Broadway and The Embarcadero, including Seawall Lots 323, 324, and 322-1, as well as a parcel currently owned by the City. Together, these seawall lots represent one of the few areas north of China Basin Channel where hotels are identified as an Acceptable Use in the Waterfront Land Use Plan.

STATUS Pursuant to authorization by the Port Commission at its October 27, 1998 meeting, a RFQ/P was issued on November 18, 1998. Three responses to the RFQ were submitted, and two respondents were invited to submit proposals. One proposal was received, from Stanford Hospitality, Inc., and it is presently under consideration.

APPROVALS The project will require CEQA review, a conditional use authorization and a Certificate of Appropriateness from the Planning Department. It will be subject to design review by the Design Advisory Committee. Approvals also will be required from the Port Commission and the Board of Supervisors.

SCHEDULE MILESTONES

November 18, 1998	Request for Qualifications/Proposals issued
January 25, 1999	Qualifications Submitted by three teams
March 9, 1999	Two respondents invited to submit proposals
May 18, 1999	Proposal submitted by Stanford Hospitality, Inc.
August 10, 1999	Stanford Hospitality, Inc. proposal calendared for action by Port Commission.

8. Pier 1 Maritime Office Building

Project Staff

Jennifer Sobol, Development Project Coordinator
Kirk Bennett, Manager, Waterfront Development Projects
Leo Bragagnolo, Engineering Project Manager
Mary Hanni, Project Manager

Project Description

Pier 1 will be converted from an interim parking garage to a maritime complex, including relocation of the Port's administration offices from the Ferry Building, and an ancillary restaurant use and offices for the developer, AMB Property Corporation ("AMB"). New and increased public access will extend around the Pier perimeter, and the shed's historic features will be preserved.

Status

The Port Commission on May 26, 1998, authorized staff to enter into an Exclusive Right to Negotiate with AMB. On March 9, 1999, the Port Commission approved the Development Agreement and lease with AMB for the development of Pier 1 as a maritime office project, and approved the schematic design of the project, and the lease was subsequently approved by the San Francisco Board of Supervisors. Approval of the Development Agreement included approval of the Lease with AMB as tenant, the Port Sublease with the Port as sub-tenant, and a Program in Diversity. All the conditions of the Development Agreement were satisfied as of August 3, 1999, and the lease was conveyed to AMB.

Project Approvals

All necessary regulatory approval has been obtained including: The State Lands Commission determined that the project is in compliance with State Trust purposes; Pier 1 was placed on the National Register of Historic Places; CEQA review was completed and a Final Negative Declaration adopted; the Waterfront Design Advisory Committee reviewed and gave favorable support to the Schematic Design; and the Army Corps and BCDC issued permits, and the site permit was issued. The San Francisco Board of Supervisors approved the leases. It is noteworthy that approvals by BCDC, the Board of Supervisors, the Port Commission were unanimous.

Primary Consultants

SMWM (architects), Architectural Resources Group (historic architects), and Rutherford & Chekene (structural engineers) Public Affairs Management (environmental review); Nibbi Brothers, general contractor.

Schedule Milestones

August 3, 1999	Lease conveyed
August 5, 1999	Construction commenced
December 2000	Complete construction

9. FERRY BUILDING REHABILITATION PROJECT

PROJECT STAFF

Alec Bash, Special Assistant
Mary Hanni, Project Manager

PROJECT DESCRIPTION

The Port is seeking redevelopment of this City Landmark building with ground floor retail, transportation and public uses and complementary upper floor office and other commercial uses. The project has received initial funding from the Federal Highway Administration and the Federal Transit Administration, and will require major private capital to accomplish the renovation of this landmark building. The Port's goals are for a signature project which achieves a high level of public use and support, strengthens the Port's long-term financial position, and enhances the Port's ability to undertake other projects.

STATUS

A developer Request for Qualifications and Proposals was issued in May, 1998. The Commission in November awarded William Wilson Investors the opportunity to enter into an Exclusive Right to Negotiate Agreement for the rehabilitation and Master lease of the Ferry Building. Environmental review for the conceptual development program is complete. Historic preservation review is pending resolution of the design concept.

APPROVALS

The project will require a BCDC permit, and a reduction in code required parking must be approved by the San Francisco Planning Department. Design review is required under the Waterfront Design Review Process.

PRIMARY CONSULTANTS

William Wilson Investors has hired SMWM (architects) Page & Turnbull (preservation architects), Baldauf Cotton Von Eckartsberg (retail architects), The Jefferson Company (development manager), Rutherford & Chekene (structural engineers) and others to design the project, and Plant Construction to build it.

SCHEDULE MILESTONES

August 1999	Approve Development Agreement and Master Lease
January 2001	Convey lease and commence construction
June 2002	Complete construction

10. DOWNTOWN FERRY TERMINAL PROJECT

PROJECT STAFF

Nita Mizushima, Project Manager
Alec Bash, Special Assistant

PROJECT DESCRIPTION

This project includes new ferry landings at the Ferry Building and associated breakwater, land-side, and public access improvements to enhance the area as a point of embarkation for commuter, excursion and recreational vessels. During the first phase of the project, the existing North Terminal will be relocated and a new South terminal south of the Ferry Plaza will be constructed to efficiently handle the existing and projected increase in ferry passengers. Longer term, additional berths south of the Ferry Plaza could accommodate a possible airport hovercraft or new ferry services to Treasure Island and other locations. Pedestrian access and circulation will be significantly improved by opening the entirety of the Bay side of the Ferry Building to pedestrian. Other passenger amenities and architectural features will also be provided to improve the Ferry Building's original function as a ferry terminal.

STATUS

The project has been funded primarily by the California Transportation Commission, the Federal Highway Administration and the Federal Transit Administration. The Project has been fully designed and engineered. Environmental and historic preservation clearances have been secured. BCDC, San Francisco Bay Regional Water Quality Board and U.S. Army Corps of Engineers approvals have been obtained.

APPROVALS

All approvals have been obtained.

PRIMARY CONSULTANTS

ROMA Design Group, Moffat and Nichol Engineers, San Francisco Port Management Consultants

SCHEDULE MILESTONES

August 1999	Solicit Bids for Construction
October 1999	Award Contract
November 1999	Begin Construction
December 2000	Complete Construction

11. MID-EMBARCADERO ROADWAY

PROJECT STAFF

Victor Yew, Engineering Project Manager
Dan Hodapp, Planner
Diane Oshima, Manager, Waterfront Planning

PROJECT DESCRIPTION

Embarcadero Roadway improvements, Ferry Building plaza, and Embarcadero Promenade between Broadway and Folsom Streets to match improved Roadway to the north and south of the project area.

STATUS

The project was approved by the Port Commission, Planning Commission, and Board of Supervisors during 1996 and 1997. Construction began on July 13, 1998 and will take approximately two years to complete.

SCHEDULE MILESTONES

July 1998	Construction began
February 2000	Complete construction

12. RINCON PARK RESTAURANT

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Anne Cook, Manager, Waterfront Development Projects
Leo Bragagnolo, Engineering Project Manager
Mark Lozovoy, Real Estate

PROJECT DESCRIPTION

The 20,000 square foot site is located at the south end of the approximately 3-acre Rincon Park which will stretch along the Embarcadero between Howard and Harrison Streets. Through an agreement between the GAP (which is building a headquarters office building at Folsom and Steuart Streets) and the Redevelopment Agency, the Park will be designed, constructed and maintained. The restaurant site is within the Rincon Point/South Beach Redevelopment Plan project area, and was the subject of a 1995 Agreement to Lease between the Port and the Redevelopment Agency.

STATUS

The Port Commission authorized Staff to issue an RFP for the project on March 10, 1998 (Resolution No. 98-27) and the RFP was issued on July 23rd. Two proposals were received. In March 1999, the Port Commission approved an Exclusive Right to Negotiate with Nice Ventures Inc. for development of the restaurant. The draft Disposition and Development Agreement and the Lease are currently being negotiated with Nice Ventures Inc. Restaurant construction will be coordinated with the construction of Rincon Park.

APPROVALS

In addition to various Port Commission approvals, the Port expects to invite and receive comments on the design of the project from the Redevelopment Agency, the Rincon-Park South Beach CAC and the Planning Department. The Project will require a permit from BCDC. Because the restaurant was studied in the EIR for the Rincon Point-South Beach Redevelopment Plan, no further environmental review is anticipated.

SCHEDULE MILESTONES

March 1999	Port Commission authorized exclusive negotiations with Nice Ventures Inc.
September 1999	Approve Development Agreement and Lease

13. PIER 24 ANNEX MIXED USE DEVELOPMENT PROJECT

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Anne Cook, Manager, Waterfront Development Projects
Leo Bragagnolo, Engineering Project Manager
Mark Lozovoy, Real Estate

PROJECT DESCRIPTION

The Port has solicited proposals from qualified developer/operators to finance, design, construct, maintain and operate a mixed use development (the "Development") consistent with the Waterfront Plan. The Waterfront Plan lists the following uses, or a combination thereof, as acceptable for the site: Assembly and entertainment, museum, retail (including restaurant) water taxi, public access and open space.

The building is approximately 24,000 square feet. The site could be used for one or more distinct operations under a lease with a single developer.

STATUS

On April 13, 1999, The Port entered into exclusive negotiations with Metropolis Partners/Polatnick Properties based on the bid submitted in February 1999. Alternative designs and use programs are under preparation by the developer team for the Port's consideration prior to preparing a Development Agreement and Lease.

PROJECT APPROVALS

The Development will require review by the Waterfront Design Advisory Committee, Environmental Review, BCDC Permit, and Port Commission and Board of Supervisors approval of the Lease.

PRIMARY CONSULTANTS

Structus Engineering performed a substructure inspection.

SCHEDULE MILESTONES

August 1999	Consideration of Design and Use Alternatives
Sept – Nov 1999	Negotiation of Development Agreement and Lease
December 1999	Approve Lease and Development Agreement

14. BRYANT STREET PIER OPPORTUNITY AREA (PIER 30-32/SWL 330)

PROJECT STAFF

Anne Cook, Manager, Waterfront Development Projects
Carla Bagneschi, Planner
Leo Bragagnolo, Engineering Project Manager

PROJECT DESCRIPTION

The Bryant Street Pier Mixed Use Opportunity Area is one of the Port's most attractive development sites and has been the subject of considerable developer interest over the past year. The approximately 12 acre pier and three acre seawall lot together constitute the Port's largest development site. The Waterfront Plan identified this site as an ideal location for public entertainment and attractions with a highly visible maritime component. Support services such as parking and neighborhood-serving businesses also should be included in the project. Due to the large size of Pier 30-32, the Plan calls for significant maritime and public access uses, together with a mix of commercial activities, all centered around a common theme, rather than a singular commercial attraction.

STATUS

In April 1999 Port staff formed the advisory group for the project, which met three times in May and reached agreement on the project goals and objectives. On May 25th, 1999 the Port Commission authorized staff to issue an RFQ/P for the project, which was issued on June 4th. On July 26th, the Port received four submittals from development teams:

- Urbatec
- Forest City Development
- San Francisco Cruise Terminal LLC
- LCOR Corporation / AeroSea

These proposals are now being reviewed.

APPROVALS

This project will require permits and approvals from the Port Commission, BCDC, the Planning Department, the Army Corps of Engineers, among other agencies.

PRIMARY CONSULTANTS

To be selected in September 1999

SCHEDULE MILESTONES

August 1999	Review of Qualifications and Conceptual Proposals Selection of "Short List".
August 1999	Solicitation of Proposals from "Short List".
October 1999	Developer Proposals Due.
Nov 1999	Developer Selection and Recommendation to Port Commission.
Nov 1999	Exclusive Negotiations Period Begins.

15. PACIFIC BELL BALLPARK

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Daniel Bell, Planner
Anne Cook, Manager, Waterfront Development Projects
Cliff Jarrard, Chief Harbor Engineer

PROJECT DESCRIPTION

In one year, the Giants' new 42,000 seat ballpark at China Basin will be complete. Construction of the ballpark structure and seating bowl is well underway. The Port will focus it's efforts to complete the design and construction drawing review of the Pavilion Building, and to complete the pre-development work (i.e. design, engineering and regulatory permits) for the off-site projects related to the Ballpark.

- Approval of final design details for Pavilion Building, then accessibility review and building permit issuance
- Stripe bicycle lanes on Terry Francois Boulevard including requisite resurfacing.
- Review the construction drawings for the parking lot at SWL 337; construction to be complete by April 2000.

STATUS

Port Commission approved a Ground Lease, Development Agreement and Conceptual Design in 1997. Pavilion Building Re-Design approved March 1999. China Basin Park, parking lot, and China Basin terminal design are underway.

The following tasks highlight the remaining scope of the work.

APPROVALS

The Ballpark has received all necessary regulatory approvals. Some of the related tasks listed above will require amendments to those approvals or additional approvals from the Port Commission, BCDC, Army Corps or other City Departments.

PRIMARY CONSULTANTS

None

SCHEDULE MILESTONES

September 1999	Parking Lot Construction Begins.
February 2000	Port stripes bike lanes on Terry Francois Boulevard.
April 2000	Opening Day.

16. BALLPARK FERRY LANDING – CHINA BASIN CHANNEL

PROJECT STAFF

Kari Kilstrom, Development Project Coordinator
Anne Cook, Manager, Waterfront Development Projects
Leo Bragagnolo, Engineering Project Manager
John Davey, Maritime Operations Manager

PROJECT DESCRIPTION

The Port and the San Francisco Giants are working together to provide ferry service to the Pacific Bell Ballpark when it opens in April 2000. To accomplish this goal, the Port issued an RFP for a ferry operator to finance, design, build and operate a ferry landing at China Basin Channel.

STATUS

The RFP was issued in June 1998 and the Port received one response, from the China Basin Ballpark Company ("CBBC"). Their proposal did not propose any private capital investment in the facility and relied upon the designated tax allocation bond proceeds ($500,000) alone to fund the facility. At the end of October, the Port was awarded $2.0 million in Section 1207 Ferry Boat Discretionary Funds for the project. This funding provides an opportunity to construct a permanent facility better designed to meet long-term needs. The Ferry Boat Discretionary funds must be encumbered prior to September 1999. To meet this schedule, CBBC has undertaken the design and environmental review of the Ferry Landing, drawing upon the $500,000 tax allocation bond proceeds from the Ballpark project. The Port will solicit bids for construction of the Ferry Landing utilizing the $2.0 million grant proceeds.

APPROVALS

The Project will require a permit from BCDC, a permit has been obtained from the U.S. Army Corps of Engineers.

PRIMARY CONSULTANTS

CBBC has contracted with Moffat and Nichol Engineers to design the terminal.

SCHEDULE MILESTONES

August 1999	Port authorizes advertisement of Construction Bids.
September 1999	Port Solicits Construction Bid.
October 1999	Begin Construction.
March 1999	Complete construction.

17. CHINA BASIN CHANNEL SHORELINE STABILIZATION

PROJECT STAFF	**Kari Kilstrom, Development Project Coordinator** Ken Chu, Engineering Project Manager
PROJECT DESCRIPTION	Deterioration has occurred to the existing seawall on the south side of China Basin Channel causing the loss of fill material in certain locations underneath the surface of the planned China Basin Park site. The shoreline between Lefty O'Doul Bridge and the mouth of the Channel will be stabilized prior to the construction of China Basin Park improvements by the Giants (CBBC), defining a fixed edge of development and minimizing ongoing maintenance of the embankment.
STATUS	Funds have been approved in the Port's Capital Plan. Requisite engineering analysis created some delay in design schedule.
PROJECT APPROVALS	Environmental Review, BCDC Permit, Army Corps Permit.
PRIMARY CONSULTANTS	Olivia Chen Engineering

SCHEDULE MILESTONES	August 1999	Conclude conceptual designs
	October 1999	Port authorizes advertisement of Construction Bids.
	November 1999	Solicit construction bids.
	January 2000	Begin construction

18. PIER 52 PUBLIC BOAT LAUNCH

PROJECT STAFF

Dan Bell, Planner
Diane Oshima, Manager, Waterfront Planning
Ken Chu, Engineering Project Manager

PROJECT DESCRIPTION

In 1994, the Port Commission approved $1.4 million in capital funding for a major expansion and public access enhancements at the existing single-lane public boat launch near Pier 52, along Terry Francois Boulevard. The project includes a new double-lane public boat launch, shoreline improvements and public access, area for a future café/bait shop, and an off-site parking lot for auto-trailer spaces. The project also includes a gangway and float for disabled access.

STATUS

Port staff has secured a $295,000 grant from the California Department of Boating and Waterways (Cal Boating) for construction of the boat launch and public access improvements, and an additional $198,000 grant for a 40 space off-site auto-trailer parking lot.

The project description has changed in recent months because of increased construction estimates, in response to land transfers between the Port and Catellus Corporation (developers of Mission Bay), and the need to increase the number of off-site auto trailer-parking spaces.

Due to the results of the bid, the project will be revised to include parking lot only. Funding efforts for the double-lane boat launch will follow.

APPROVALS

The Bay Conservation and Development Commission (BCDC) approved the original design of the boat launch and parking lot in January 1997. BCDC approved an amended design in June 1998. Army Corp of Engineering permits has been secured for the project.

Primary CONSULTANTS

Arcus (Architecture)

SCHEDULE MILESTONES

November 1998	Construction plans released for bid to build double-lane boat launch and off-site parking lot.
December 1998	Lowest responsible bid was for $2.5 million, well over the available funding.
January 1999	Reject bids, reconsider project
April 1999	Approval to readvertise for parking lot only.
May 1999	Port submitted a Supplemental Grant Application to Cal Boating for approximately $ 1 million to cover funding shortfall for the double – lane boat launch construction.

19. PIER 70 OPPORTUNITY AREA

PROJECT STAFF

Anne Cook, Manager, Waterfront Development Projects
Leo Bragagnolo, Engineering Project Manager

PROJECT DESCRIPTION

The Waterfront Land Use Plan identifies an approximately 16 acre Mixed Use Opportunity Area in the vicinity of Pier 70, between 18th and 21st streets. Several historic Union Iron Works buildings are included within this opportunity area. The Waterfront Plan allows non-maritime land uses in this area which result in the preservation and adaptive reuse of the historic buildings, are consistent with the Design and Access Element of the Waterfront Plan, and which do not preclude nearby water-dependent uses or associated support services. Additional development of the Opportunity Area also is permitted provided that public access improvements are extended to the water's edge as indicated in the Waterfront Plan, and other Plan criteria are met.

STATUS

Developer interest in the Pier 70 area has increased over the past year, particularly in light of the planned Mission Bay and UCSF projects to the north. Because the Port would like to seize the opportunity to preserve the historic buildings in the Opportunity Area, staff has begun to determine the parameters of a development opportunity in this area.

APPROVALS

The project will require various approvals from the Port Commission, the Planning Commission, the Board of Supervisors and BCDC. Portions of the property also may need to be surplused from the Public Trust. Environmental investigations and review will be required

SCHEDULE MILESTONES

August 1999	Issue RFQ for consultant services
September 1999	Select Consultant
November 1999	Form Advisory Group.
January 1999	Complete due diligence and project feasibility.
February 1999	Issue Request for Proposals and Qualifications.

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.
OCT 08 1999
SAN FRANCISCO
PUBLIC LIBRARY

MINUTES OF THE REGULAR MEETING
AUGUST 10, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 4:05 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - July 27, 1999 Special Meeting
- July 27, 1999 Regular Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the July 27, 1999 Special Meeting were adopted.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the July 27, 1999 Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following;

- Pier 1 – The escrow on the Pier 1 project closed last week. This concluded a 15-month process of negotiating the development agreement, the master lease and the Port sublease, obtaining landmark status for Pier 1, obtaining all regulatory and environmental approvals, and designing the plans. When completed, this $40 million project will convert Pier 1 from a parking garage to 150,000 square feet of Class-A office space. A deck surrounding the entire perimeter of the pier will be open to the public for strolling, picnicking, and enjoying the unsurpassed view of the waterfront. AMB Property started construction August 5th. Pile driving will start at the end of the month. Construction will be completed in December 2000, at which time the Port will move its offices from the Ferry Building to Pier 1. Pier 1 is the first Port project to break ground since the adoption of the Port's Waterfront Land Use Plan. Port staff looks forward to working with AMB Property as a partner in this exciting new public/private venture. Mr. Wong thanked Jennifer Sobol, Kirk Bennett and Paul Osmundson for all their efforts.

- Veronica Sanchez, Manager Governmental Affairs, gave the Commission a brief update on the Senate Bill introduced on August 5th by Senators McCain and Feinstein. The bill proposes narrow changes to the existing law, which regulates the operation of large cruise vessels in the U.S. domestic cruise

trades. It is a bipartisan bill that is supported by two maritime associations, MIRIAD representing the International Organization of Masters, Mates & Pilots and the American Maritime Congress representing the Marine Engineers' Beneficial Association. Both of these associations are working with other maritime unions across the country to explain the bill and solicit support. This bill would allow international cruise lines to sail between U.S. ports for a limited time of 200 operating days until the year 2006. This not only opens the market for international line but also sets up a very creative structure for U.S. flagship to come into the market. One particular operator is interested in bringing ships into the West Coast, allowing him to purchase a foreign built ship and bring it into the market under the U.S. flag with U.S. crew. The Port of San Francisco could start seeing results not only from the international lines but also from the U.S. flag lines. The Port could get as much 100 international cruise calls and 250 calls from U.S. flag operators. The legislation will be heard in the Senate Commerce Committee under Senator McCain.

Commissioner McCarthy thanked Veronica for all her efforts on this matter. Ms. Sanchez suggested that the Commission send a thank you note to Senators Feinstein and McCain and their staff for their tireless efforts.

4. CONSENT CALENDAR

5. MARITIME

A. Approval of transfer of drydock "Steadfast" to the Port of San Francisco. (Resolution No. 99-63)

Mr. Peter Dailey, Director of Maritime, indicated that the Port of San Francisco is the home to the only full-service shipyard in Northern & Central California. San Francisco Drydock employs hundreds of skilled union trade workers. It is one the largest employer of skilled jobs in San Francisco. The availability of at least two operating drydocks at all times is standard requirement of any major commercial shipyard in order to allow the flexibility and assure the on-time deliveries demanded by ship owners. The Portland Ship Repair Yard currently has three available for use. The Port of San Francisco currently has one and a half drydocks available. The Port acquired both of its drydocks in 1987 from Todd Shipyard. The smaller of these two drydocks, Drydock #1, is nearly sixty years old and was in marginal condition at the time of its acquisition. Last month, it failed to float during a routine drydocking operation but has since been recovered. Port staff has recognized the accelerated aging process that Drydock #1 has been going through for the past five years and has been actively seeking a remedy by searching through surplus property offerings.

Earlier this year, Port staff was alerted to an available replacement drydock located at the Ready-Reserve fleet in Port Benicia, the Medium Auxiliary Floating Drydock "Steadfast." Again, expressing interest but this time with the assistance of Congresswoman Nancy Pelosi and a letter of support from the National Parks

Department, the Port was successful in winning the transfer rights to the Steadfast as determined by the General Service Administration's selection committee. This occurred even though the State of Alaska lobbied heavily for its appropriation. Mr. Dailey suggested drafting a letter, on behalf of the Commission, thanking Congresswoman Pelosi for her efforts.

Seizing upon this opportunity, particularly in light of the recent failure of Drydock #1, will solve a number of outstanding issues facing the Port. Not only will the Steadfast fill an immediate need for a functional second drydock for our shipyard, but this capital asset, appraised by the United States Government with a fair value of $5 million, will revert to the Port in fee simple after sixty months of responsible management and use.

Mr. Dailey requested the Commission to approve the payment of $93,600 in transfer fees to the State of California, State Agency for Surplus Property, Dept. of General Services, to be released from the Port's emergency Capital Fund and to authorize the Executive Director to sign the Vessel Conditional Transfer Document and any other relevant documents, and assume, on behalf of the Port, the obligations for responsible management and operation that will result in the transfer of ownership of the Steadfast to the Port after sixty months.

Port staff has reviewed the Vessel Conditional Transfer Document, physically surveyed the property, and studied the results of a Sampling and Analyses of PCBs and Asbestos on the USS Steadfast.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 99-63 was adopted.

B. Approval of Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold. (Resolution No. 99-64)

THIS ITEM WAS CONTINUED TO THE NEXT MEETING.

6. REAL ESTATE

A. Authorization to issue Request for Proposals to lease the Roundhouse One building located at 1500 Sansome Street. (Resolution No. 99-65)

Mr. Philip Smith, Director of Real Estate, indicated that The Roundhouse One Building is part of a three building complex known as Roundhouse Plaza situated on Seawall Lot 318 bounded by The Embarcadero, Lombard Street and Sansome Street. The Roundhouse Plaza consists of the Roundhouse One Building, the Roundhouse Two Building and a smaller building known as the Sandhouse Building. The Port assumed control of this complex in 1994 following the default of the former Port lessee/developer.

The Roundhouse Plaza contains 41,444 rentable square feet leased to 22 retail and office tenants. Roundhouse One contains 18,610 rentable square feet in a 20,025 square foot two-story building. Six tenants occupy various office spaces in the Roundhouse One Building. All of the Roundhouse Plaza leases are full service leases with the Port providing janitorial, utility and heating/air conditioning and ventilation (HVAC) to the tenants. Current gross revenues from the Roundhouse Plaza are $67,291.00 per month ($807,492) per year. Net annual revenues are $658,145.00. Net revenues attributable to the Roundhouse One Building are $186,875.00.

When controlled by the previous master lessee/developer, a retained property management firm managed the complex. Current Port Real Estate and Maintenance and Engineering Divisions staffing does not permit the level of attention required for this class A – office complex. Port Real Estate staff believes that the leasing of all or part of the Roundhouse Plaza complex to a single user or users on a triple net basis could relieve the Port of many maintenance and property administration functions as well as enhance the Port's net revenues.

The Roundhouse One Building is a 20,025 square foot, free standing two-story building situated at the corner intersection of the Embarcadero and Sansome Street. The interior improvements consist quite literally of a building within a building. The Roundhouse One Building is in fact the former engine roundhouse of the San Francisco Short Line Railroad and is listed on the National Register of Historic Places.

Port staff proposes to issue an "Available for Lease" package consistent with real estate industry standards. The package would contain a site map, a narrative physical description, minimum rent parameters, along with a Port Application for Lease and an offer sheet to be returned by interested bidders. Bidders would be required to submit an earnest money deposit of $20,000.00 along with the offer sheet and application to lease.

The returned submittals will be analyzed by Port staff to select the financially qualified bidder offering the best rental-term and tenant improvements package. Port staff would then negotiate a lease with the selected bidder utilizing the Port's standard lease format. The earnest money deposits will be returned to the bidders not selected. Preference will be given to bidders proposing to conduct businesses in the Roundhouse One Building that are consistent with Trust purposes.

The final lease will be presented to the Port Commission and pursuant to Charter Section 2.110g, to the Board of Supervisors of the City and County of San Francisco for approval.

Port staff is seeking a minimum net rental to the Port of $35,750 per month ($1.90 per square foot net, net) or $429,000 per year. Consistent with Port Commission policy, rent credits equal to $2.50 per square foot would be available for new floor coverings. A like amount would be available for new interior wall finishes.

A separate rent credit of up to $350,000 would be available for the segregation of all utilities and the installation of a dedicated Heating Ventilation and Air Conditioning system (HVAC) to serve only the Roundhouse One Building.

The floor covering and wall finishes rent credits would be applied against the monthly rent at a rate not to exceed one half of the monthly rent obligation until fully applied. The HVAC rent credit would be amortized over the ten-year term of the lease.

Rent Commencement: Upon delivery of the premises to the Tenant.

Delivery to Tenant: October 1, 1999: 6,733 square feet
May 1, 2000: 12,083 square feet

Term: 10 years from delivery of entire premises.

Use: General administrative offices.

Assignment and subletting is subject to Port Commission's approval and subject to retention of all sublease profits assignment fees or other considerations by the Port.

Consistent with Port Commission policy, no real estate brokerage commissions are provided for RFP transactions.

A bid within the minimum parameters set forth in the Request for Proposals would provide $289,675 dollars of net revenue to the Port during the first full lease year of which $102,801 would be incremental. Incremental revenues for the second full lease year would equal $196,881.00. In addition, the requirement that the tenant provide a dedicated HVAC system for the Roundhouse One Building will extend the service life of the existing Roundhouse Plaza HVAC system by reducing the load requirement of the existing system by nearly fifty percent.

The selection of a single user of sufficient financial capacity to undertake the required improvements will protect the Port from the undulations of future real estate markets and eliminate the periodic vacancies and revenue losses attributable to lease expirations and tenant move outs inherent with a multi-tenanted building.

Mr. Smith requested the Commission to approve the issuance of a request for proposals for the lease of the Roundhouse One Building.

Commissioner McCarthy asked why staff is only requesting to issue RFP for the Roundhouse One building and not the entire complex. She inquired if an analysis was done for the entire complex. Mr. Smith replied that an analysis was indeed performed last year. The analysis dealt with leasing the entire complex. However, Port staff intends to minimize disturbance to tenants to achieve the goal of minimizing the amount of maintenance while maximizing revenues. The Port has a situation where Building One could be easily accommodated for a Phase takedown subject to the expiration of certain leases. The Port recently took over the

management of this building, which means adhering to tenants' calls. Considering Building One for a phase takedown and putting it on a triple net lease would minimize the amount of tenant's anxiety by providing adequate notice so they would look at a full master lease of one of the buildings and be able to facilitate an economic transition giving the Port added revenue. The majority of the tenants in smaller increments are located in Building Two. Within two to three years, the majority of the leases will roll over or be renegotiated which would give the Port an opportunity to market that building.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-65 was adopted.

7. FACILITIES & OPERATIONS

A. Approval of Second Amendment to the Professional Services Contract CT-3970006 with Concept Marine Associates for the "Design of the Hyde Street Harbor Facility." (Resolution No. 99-66)

Nita Mizushima, Project Manager, requested Commission's approval of the second amendment to the Professional Services Contract CT-3970006 with Concept Marine Associates for the Design of the Hyde Street Harbor Facility for additional services in the sum of $97,978. This is an existing contract originally certified in 1997; this would bring the new total contract amount to $431,468. The Port advertised for bidding the construction of the Hyde Street Harbor Facility and Public Access Improvements Project. All bids received substantially exceeded the engineer's estimate and the amount of funding available for the project. On July 27, 1999, the Port Commission rejected all bids due to insufficient funds. She asked the Commission to approve the amendment to the existing contract that would help staff to achieve the following goals: (1) uphold the Port's commitment to continue progress on this project and (2) look for cost savings. The first goal will be achieved by taking the existing contract and splitting between the marine side and landside improvements. Staff would be able to issue the marineside contract this fall and continue on the project progress while still allowing staff to look at the rest of the project and look at any cost saving measures to achieve the second goal. Of the $97,978 contract amount, $21,000 of which will be awarded to an MBE contractor and $28,000 to a WBE consultant.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-66 was adopted.

B. Authorization to execute Contract Modification No. 1 for Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B, and C," with Dutra Dredging Company. (Resolution No. 99-57)

THIS ITEM WAS CONTINUED TO THE NEXT MEETING.

Mr. Alex Lee, Director of Facilities & Operations, requested Commission's approval to execute the contract modification in the sum of $1.2 million to Dutra Dredging Company. Contract 2655 was awarded to Dutra for maintenance dredging at Pier 35 East and West and Pier 80 Berths A,B,C. The contract was awarded for $1,770,565 with a 15% contingency. This modification will allow the Port to begin dredging to support its maritime activities as soon as possible. The modification will add the Central Basin at Pier 35 to support S.F. Drydock, Hyde Street Harbor and Downtown Ferry Terminal dredging to reduce construction cost. If this modification is not done, it may delay the Port's construction progress for the Downtown Ferry Terminal and Hyde Street Harbor and could affect S.F. Drydock's business. Port staff negotiated with Dutra to perform dredging at the Central Basin and Downtown Ferry Terminal at the same contract rate but a higher rate for cubic yard for the Hyde Street Harbor site due to site conditions and limited dredging volume. The modification will bring the total contract amount to $3,236.150. The Human Rights Commission has approved this proposed modification subject to Port Commission approval.

Capt. Russ Nyborg, San Francisco Bar Pilots, indicated that they are charged with the safe conduct of vessels entering, leaving and moving about San Francisco Bay. He urged the Commission to approve the maintenance dredging at Pier 35/Pier 80.

Bob Clark, Dutra Dredging, indicated that at the last meeting IBU requested to put this matter over due to labor disputes with his company. He came to the meeting today to answer the Commission's concerns.

Commissioner McWilliams commented on the labor relationship between IBU and Dutra, i.e. contracts were not honored and issues were not resolved. There were implications that Dutra is not acting in good faith with respect to the labor issues. The legitimate questions of the workers have not been addressed. He was concerned that the Port would get stuck in the middle of the labor dispute because Dutra has not responded to the labor organization's dispute.

Bob Clark indicated that he has prepared a letter to the Commission summarizing their situation with IBU. Dutra was involved in Chapter 11 and he was obligated to downsize the company, which meant getting rid of 44 pieces of equipment, several of which were boats. His company currently has a disagreement with IBU over this matter. Furthermore, IBU believes that Master's Tug and Tow are paying a lesser wage rate. IBU has filed arbitration against Dutra and the arbitration is scheduled for October 27. Mr. Clark believes that his company will prevail in that arbitration. IBU has also filed charges with the National Labor Relations Board, many of which were dismissed. The only outstanding charge is the documents that IBU is requesting. IBU demanded 26 different records - 4 years of telephone bills, ship logs, jobs that Dutra has had with Master's Mates and Pilots, etc. Dutra intends to comply with their request and the documents should be available by the end of the week. They intend to do everything they can with the labor relations system. They have also made several attempts to settle the matter with IBU. In accordance with the National Labor Relations Standard, when a company sells a vessel, a plant, or a facility, it should provide severance pay. Dutra has offered

severance pay, overtime, fringe benefits and also offered money to a training fund for IBU. None of which appears to be acceptable. Rather than continuing the debate and delaying the project, Mr. Clark suggested referring this matter to a federal mediator to settle the issues as his company is anxious to comply with the NLRB collective bargaining agreement requirements.

Marina Secchitano, Inland Boatmen Union, indicated that they typically would like to be in a position to support their employer as well as support maritime activities at the Port. Their dispute with Dutra has been going on for two years. The problem began when Dutra sold one of their vessels. IBU filed an unfair labor practice for Dutra to pay severance package. IBU also had a problem with Dutra subcontracting to companies that are paying less wages. IBU understood that Dutra has also been in a difficult situation i.e. bankruptcy and trying to get other companies to comply with their contract. Dutra was not able to produce any documentation showing an equipment has been sold. Ms. Secchitano brought a copy of the lease and a lease/sale purchase agreement showing that the payments for the use of the equipment is still being sent directly to Dutra. Per their labor agreement, IBU has an obligation with Dutra for any vessels they own or operate. In the meantime, their members are out of work. The company that is working for Dutra is not in compliance. The captains are working in excess of 12 hours. Dutra pays less wages and fringes and not paying overtime, all in violation of their labor agreement. To date, no issues have been resolved. IBU filed charges to obtain information on phone bills, sale of equipment, etc. IBU has been more than tolerant and would like their concerns addressed and resolved.

Commissioner McCarthy indicated that this item has already been continued for two weeks and the Commission understands the impact it would cause the Port if it is delayed any further. Mr. Lee replied that currently there is little or no dredging in the bay and the Port has an opportunity to dump its spoil at Alcatraz without competing with any other company. Dutra may be contracted by other party for dredging work and the Port might fall at the end of that chain and not get the dredging work done.

Commissioner McCarthy commented that although she's not familiar with labor issues, she is a supporter. This dispute, however, has been ongoing for two years. She believes that the Commission is being pressured to settle this matter now although it is a matter to be resolved by the two parties and not the Port.

Commissioner McWilliams commented that although this is a labor issue that should be resolved by IBU and Dutra, he is concerned about the impact on the Port. Since the two parties are willing to sit down and aggressively deal with the issues in a timely manner, Commissioner McWilliams moved approval to continue this item to the next meeting. Commissioner Hardeman seconded the motion. Three of the Commissioners were in favor; Commissioners Brandon and McCarthy cast the dissenting votes. Commissioner McCarthy emphasized that if the labor issues are not resolved, the Commission should be prepared to vote at the next meeting so as not to cause any more delays to the dredging project.

8. PLANNING & DEVELOPMENT

A. Authorization to enter into Exclusive Negotiations with Stanford Hospitality, Inc. to develop Hotel at Broadway and The Embarcadero. (Resolution No. 99-62)

Mr. Kirk Bennett, Manager, Waterfront Development Projects, indicated that on October 27, 1998, the Port Commission authorized issuance of a RFP/Q for development of a full-service first-class hotel on parcels located at Broadway and the Embarcadero. The RFP/Q was issued on November 18. The following firms responded to the RFP/Q: (1) Stanford Hospitality; (2) Promus Hotel Corporation/Koll Development and (3) Tom Flowers Associates. At its March 9, 1999 meeting, the Port Commission invited two of the respondents (Stanford and Promus) to submit proposals for the hotel development opportunity. Stanford was the only respondent to submit a proposal. On June 8, 1999, Stanford and its architect Patri Merker, made an informational presentation to the Commission showing the design and concept for the proposed hotel.

Port staff and HVS International, the independent financial advisor retained by the Port that specializes in the hospitality industry, reviewed and analyzed Stanford and its proposal, including a review of the financial capacity of the respondent, as well as additional information requested by Port staff. Stanford's proposal was analyzed against the criteria in the RFQ/P, and Port staff has concluded that the proposal is responsive and satisfies the submittal requirements. The proposal indicates that this San Francisco-based company and the local team members have the collective experience necessary to deliver a development project that meets the Port's Project Objectives. The development concept is consistent with the RFP/Q and offers an opportunity for the Port to achieve its objectives for this site, pending negotiation of mutually satisfactory business terms with Stanford.

Mr. Bennett emphasized that the Port is not in agreement with Stanford's proposed construction period rent, with the proposal concerning the cost of hazardous materials remediation, with the rent credit for the exaction fee, nor with the proposal to build two hotels if the sky bridge is not approved. The Port also has some concerns about the construction costs and the feasibility of the project. These and other issues need to be further negotiated by Port staff with Stanford. Port staff anticipates reaching a mutually satisfactory resolution of these issues during the exclusive negotiation period. Port staff recommends that the Port Commission authorize staff to enter into exclusive negotiations with Stanford Hospitality Inc. for the development of a hotel at Broadway and the Embarcadero. If agreement cannot be reached between the parties, Port staff would be authorized to enter into an exclusive right to negotiate agreement as outlined in the staff report. The final terms during the exclusive negotiation period would be subject to the approval of the Port Commission.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 99-62 was adopted.

B. Informational briefing on the status of Port Planning & Development Projects.

Paul Osmundson, Director of Planning & Development, indicated that the staff report summarizes the Port's ongoing BCDC negotiations and Historic Preservation of the Southern Waterfront. Port staff hired Environmental Science Associates, an EIR consultant for the southern waterfront, to update the Waterfront EIR and to prepare a supplement to the EIR. Pier 1 is the most immediate and current Port project. The Pier 27/29 Northeast Waterfront Group has been meeting and making progress on the issues related to the development of the pier as an active recreation project and staff anticipates seeking Commission's approval of the development concept in September and request approval to issue RFP in October. With respect to the Ferry Building Renovation project, Port staff is nearing the end of its negotiations with Wilson Cornerstore. Staff anticipates seeking Commission's approval at the next Commission meeting. Port staff is finalizing the Downtown Ferry Terminal bid documents. Port staff is also nearing the end of negotiations for the Rincon Park Restaurant. This item will also be discussed on executive session. The Pier 24 Annex project is coming along well. Staff will brief the Commission on executive session regarding the four submittals received for the Bryant Street Pier Development Opportunity at Pier 30/32.

Commissioner Hardeman mentioned that he appreciates getting the one-page analysis on status the of Port projects; it helps him keep track of the projects.

Ernestine Weiss complimented the architects on the design of the Broadway Hotel. As residents of the Golden Gateway Commons, they object to the bridge across the street. Ms. Weiss inquired about the status of the garage project. Mr. Paul Osmundson replied that the status of the underground parking garage at Block 202 is that there had been a legislation that would have transferred the control of the surface of the lot to the Rec & Park Department but would have preserved the ability to build and underground garage. That legislation was not introduced. As it currently stands, there is still an EIR that will analyze the 350-car underground garage at that site. There is interest for the developer in pursuing that project in pursuant to the development of the garage. Staff does not recommend that the Commission make any final decisions until the Board of Supervisors had clarified the jurisdictional control issue.

9. FINANCE & ADMINISTRATION

10. NEW BUSINESS / PUBLIC COMMENT

Commissioner Hardeman mentioned that he would miss the next Port Commission meeting as he will be in Washington, D.C.

Ernestine Weiss complained that the Golden Gateway Commons residents are aggravated because of the noise and the damage to the surrounding area at Pier 7 caused by the skateboarders. She asked the Commission to contact the Art Commission to put metal spikes to preserve the area.

11. EXECUTIVE SESSION

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:10 p.m., the Commission Secretary announced that the Commission would withdraw to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Pier 30/32 and Seawall Lot 330
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Forest City/P&O Partnership *Urbatec
*San Francisco Cruise Terminal LLC *LCOR/AeroSea

b. Property: Rincon Park Restaurant
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Nice Ventures, Inc.: Reed Hearon

c. Property: Ferry Building
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Wilson-Cornerstone: Richard Springwater

d. Property: Foreign Trade Zone No. 3
Person Negotiating: Port of San Francisco: Peter Dailey, Director of Maritime
*Foreign Trade Zone No. 3: Claude Jacques

e. Property: Pier 94/96
Person Negotiating: Port of San Francisco: Peter Dailey, Director of Maritime
*Canada Steamship Lines: Edward De Roche

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

At 8:10 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in public session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 8:10 p.m.

DOCUMENTS DEPT.

AUG 2 0 1999

SAN FRANCISCO
PUBLIC LIBRARY

SAN FRANCISCO
PORT COMMISSION

4/99
ial
ddendum
ular

SPECIAL MEETING – PLEASE NOTE THE TIME OF THE MEETING

3:00 P.M., TUESDAY, AUGUST 24, 1999

FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

08-20-99P02:29 RCVD

AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS / PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.

a. Property: Ferry Building
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Wilson-Cornerstone: Richard Springwater

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Wilson-Cornerstone regarding the Ferry Building Renovation Project.

b. Property: Boondoocks Restaurant
Person Negotiating: Port of San Francisco: Mark Lozovoy, Commercial Property Manager
*Boondocks: Jim Kennedy

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Boondocks regarding the Boondocks Restaurant.

c. Property: Seawall Lot 301 – Triangle Lot @ Jefferson & Taylor Streets
Person Negotiating: Port of San Francisco: Douglas F. Wong
*Alioto's: Nunzio Alioto

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Alioto's regarding the property located at Seawall Lot 301 @ Jefferson & Taylor Streets.

d. Property: Pier 94 – Amador Street
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Specialty Crushing: Tom Chasm

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Specialty Crushing regarding the property located at Pier 94.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

(3) PUBLIC EMPLOYEE DISMISSAL

a. Consideration and action on the dismissal of a Port Deputy Director (Real Estate Division) as required by Charter § B3.581(h), and pursuant to Government Code Section 54957.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

5. ADJOURNMENT

SAN FRANCISCO PORT COMMISSION

DOCUMENTS DEPT.

AUG 20 1999

SAN FRANCISCO
PUBLIC LIBRARY

SPECIAL MEETING
3:00 P.M., TUESDAY, AUGUST 24, 1999

ADDENDUM

08-20-99P12: [illegible]

3. EXECUTIVE SESSION

(B) CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

(e) Property: Pier 30/32 and Seawall Lot 330
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Forest City/P&O Partnership *Urbatech
*San Francisco Cruise Terminal LLC *LCOR/AeroSea

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss the terms of the exclusive right to negotiate agreement.

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.
OCT 08 1999
SAN FRANCISCO
PUBLIC LIBRARY

MINUTES OF THE SPECIAL MEETING
3:00 P.M., AUGUST 24, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 3:03 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Brian McWilliams and Pius Lee. Commissioner Hardeman was not present.

2. NEW BUSINESS / PUBLIC COMMENT

3. EXECUTIVE SESSION

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

At 3:05 p.m., the Commission went into executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ****This session is closed to any non-City/Port representative.****

a. Property: Ferry Building
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Wilson-Cornerstone: Richard Springwater

b. Property: Boondocks Restaurant
Person Negotiating: Port of San Francisco: Mark Lozovoy, Commercial Property Manager
*Boondocks: Jim Kennedy
THIS ITEM WAS TAKEN OFF CALENDAR.

c. Property: Seawall Lot 301 – Triangle Lot @ Jefferson & Taylor Streets
Person Negotiating: Port of San Francisco: Douglas F. Wong
*Alioto's: Nunzio Alioto
THIS ITEM WAS TAKEN OFF CALENDAR.

d. Property: Pier 94 – Amador Street
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Specialty Crushing: Tom Chasm

e. Property: Pier 30/32 and Seawall Lot 330
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Forest City/P&O Partnership *Urbatec
*San Francisco Cruise Terminal LLC *LCOR/AeroSea

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

(3) PUBLIC EMPLOYEE DISMISSAL

a. Consideration and action on the dismissal of a Port Deputy Director (Real Estate Division) as required by Charter § B3.581(h), and pursuant to Government Code Section 54957.

At 4:20 p.m. Commissioners McCarthy, Brandon, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval to continue discussion of executive session items after the regular meeting. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:20 p.m.

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.

AUG 2 0 1999

SAN FRANCISCO
PUBLIC LIBRARY

REGULAR MEETING
4:00 P.M., TUESDAY, AUGUST 24, 1999
Ferry Building, Suite 3100
San Francisco, CA 94111

AGENDA

08-20-99P [illegible]

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - August 10, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

   B. Approval of First-Source Hiring Plan for Port leases, development projects and construction contracts, pursuant to San Francisco Administrative Code Section 83.4. (Resolution No. 99-61)

4. **CONSENT CALENDAR**

5. **MARITIME**

   A. Approval of Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold. (Resolution No. 99-64)

6. **REAL ESTATE**

7. **FACILITIES & OPERATIONS**

   A. Authorization to execute Contract Modification No. 1 for Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B, and C," with Dutra Dredging Company. (Resolution No. 99-57)

8. **PLANNING & DEVELOPMENT**

   A. Approval of Lease Disposition and Development Agreement and Ground Lease with Ferry Building Investors, LLC for the Ferry Building located at Market Street and the Embarcadero (Resolution No. 99-67)

B. Recommendation on selection of developers to invite to submit proposals to design and develop the Bryant Street Pier Project including the James R. Herman International Cruise Terminal on Pier 30-32 and Seawall Lot 330. (Resolution No. 99-68)

C. Endorsement of Organ Pavilion on City-owned property under the jurisdiction of the Recreation and Park Department located at Steuart and Market Streets. (Resolution No. 99-69)

9. FINANCE & ADMINISTRATION

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

DOCUMENTS DEPT.

AUG 2 0 1999

SAN FRANCISCO
PUBLIC LIBRARY

PUBLIC MEETINGS
SEPTEMBER 1999

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
Tuesday, Sep. 14	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Tuesday, Sep. 21 *(Tentative)*	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Fisherman's Wharf
Tuesday, Sep. 21	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Tuesday, Sep. 28 *(Cancelled)*	4:00 p.m.	Port Commission	Port Commission Room Ferry Building

08-20-99P02:30 RCVD

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m. Contact Amy Quesada, Port Commission Secretary at 274-0406, to be placed on the mailing list for Commission meeting agendas.

The Northeast Waterfront Advisory Group does not have any meetings scheduled for September. Contact Kirk Bennett at 274-0545 for more information.

The Southeast Waterfront Advisory Group will meet on October 18. Meeting place to be determined. Please contact Braj Norris at 274-0540 for more information.

The Rincon Point-South Beach CAC will meet at 5 p.m. on September 20 at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Amy Neches, Redevelopment Agency at 749-2450 for more information.

Port Website
Check out the Port's Website at **www.sfport.com**

Questions/Contacts

Pier 45 Advisory Group	Kirk Bennett	274-0545
Northeast Waterfront Advisory Group	Kirk Bennett	274-0545
Bryant Street Pier Advisory Group	Anne Cook	274-0483
Southern Waterfront Advisory Committee	Braj Norris	274-0540
Port of San Francisco Reception		274-0400

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 17, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of First Source Hiring Plan for Port leases, development projects and construction contracts, pursuant to San Francisco Administrative Code Section 83.7. (Resolution No. 99-61)

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION ADOPTING THE PORT'S FIRST SOURCE HIRING IMPLEMENTATION AND MONITORING PLAN.

BACKGROUND

On August 21, 1998, the First Source Hiring Ordinance (No. 264-98), passed by the City and County of San Francisco Board of Supervisors and approved by the Mayor, became effective. The First Source Hiring Program is a cooperative effort between businesses, the job training community and the City to ensure that qualified economically disadvantaged people have the first opportunity to apply and be considered for entry level jobs in City funded or sponsored contracts.

All City departments are required to submit a First Source Hiring Implementation and Monitoring Plan ("FSHA Plan") to apply the Ordinance to their specific contracts. Port staff has been working closely with the First Source Hiring Administration (FSHA) to develop the Port's FSHA Plan. In preparing the FSHA Plan, our goal was to make the FSHA Ordinance requirements simple and "user friendly" for our staff, tenants and contractors. The FSHA Plan is a guide for each of the Port's divisions to refer to as they administer contracts and leases.

A draft of the Port's FSHA Plan was presented to the commission at the July 27, 1999 meeting for review and to solicit further comments from the public, tenants, and contractors. Comments and necessary changes from staff, public, tenants and contractors have been incorporated over the past month and the draft has been finalized for approval by the Port Commission.

This Print Covers Calendar Item No. 3B

All changes made were minor, except for the addition of language regarding Good Faith Efforts. This Good Faith Effort language was approved and adopted by FSHA at their last meeting on July 29, 1999.

SUMMARY OF FSHA PLAN

The Port's FSHA Plan will apply to: 1) real estate and maritime leases for a term of over 29 days; 2) development projects; 3) construction contracts for over $350,000; and 4) building permits over 50,000 square feet involving new construction, addition or alteration, resulting in the expansion of entry level jobs. In the second phase of the program, beginning April 2001, the program will also apply to professional services contracts for over $200,000 and building permits over 25,000 square feet resulting in the expansion of entry level jobs.

Employers must notify the City of all entry level jobs on their Port leased premises or work site, by filling out the Employer Projection of Entry Level Positions form (Job Survey Form) and submitting a copy to the FSHA and the Port. During the lease and/or contract, Employers are required to list all available entry level positions with the San Francisco Workforce Development System by calling **CalJOBS**. Employers must consider First Source referrals for a window of 10 days before advertising jobs publicly.

A Good Faith Effort must be made to consider and fill and retain entry level positions with qualified candidates referred from the System. The First Source Hiring Ordinance does not mandate hiring. However, FSHA set an objective standard for filling entry level positions by creating a presumption of good faith when a tenant and/or contractor fills the first position and 50% of all subsequent position entry level positions from the FSHA. Failure to meet this goal may trigger a review of the employer's hiring process by FSHA.

The Ordinance specifies remedies the City can take for non-compliance with the Ordinance, after other remedies are exhausted, including liquidated damages in the amount of $2,070 for each Entry Level position improperly withheld from the First Source Hiring Program.

Upon adoption by the Port Commission, staff will transmit the Plan to the FSHA and, after approval by the FSHA, will begin applying its requirements.

Prepared by: Veronica Sanchez, Manager, Governmental Affairs Office and
Imani Haygood, Assistant, Governmental Affairs Office

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-61

WHEREAS, On August 21, 1998, the City and County of San Francisco Board of Supervisors passed the First Source Hiring Ordinance, No. 264-98 adding Chapter 83 to the San Francisco Administrative Code; and

WHEREAS, The Ordinance creates the First Source Hiring Administration which establishes and monitors specific requirements for the First Source hiring of qualified economically disadvantaged individuals for entry level positions on specified city contracts, property contracts and building permits, and construction contracts; and

WHEREAS, Pursuant to Section 83.7 of the San Francisco Administrative Code, it is the responsibility of all city departments to develop and adopt a First Source Hiring Implementation and Monitoring Plan to be approved by the First Source Hiring Administration; and

WHEREAS, At its July 27, 1999 meeting, the Port Commission was given an informational presentation on a draft of a proposed Port of San Francisco First Source Hiring Implementation and Monitoring Plan, and comments received after the hearing have been incorporated into the revised Plan; and now, therefore, be it,

RESOLVED, That the San Francisco Port Commission does hereby approve and adopt the Port of San Francisco First Source Hiring Implementation and Monitoring Plan, a copy of which is on file with the Commission Secretary; and be it further

RESOLVED, That the Port staff is authorized to make non-substantive revisions to the Plan as needed to obtain approval of the Plan by the First Source Hiring Administration.

I hereby certify that the San Francisco Port Commission at its meeting of August 24, 1999 adopted the foregoing resolution.

____
Secretary

First Source Hiring Implementation and Monitoring Plan

PORT OF SAN FRANCISCO
August 24, 1999

I. **The Port of San Francisco agrees to comply with the First Source Hiring Ordinance from Chapter 83 of San Francisco Administrative Code ("Ordinance") as set forth in this Implementation and Monitoring Plan.**

II. __Definitions__. For purposes of this Plan, initially capitalized terms shall be defined as follows (see Section 83.4 of the Administrative Code):

A. **Commercial Activity**: shall include office, restaurant, retail, parking, maritime/industrial uses that generate revenue from the tenant and the Port.
B. **Contractor**: shall mean an entity that has entered into a Contract or Property Contract with the Port.
C. **Developer**: shall mean an entity that has the right under the San Francisco Planning Code, San Francisco Building Code, or the regulations of the Port of San Francisco to make an application for approval of a Commercial Activity.
D. **Development Project**: shall mean a Commercial Activity which requires a Permit.
E. **Employer**: shall mean Contractor, subcontractor, partner, agent or employee of Contractor, or a combination thereof engaged in Commercial Activities of the Contract, who is subject to the requirements of Chapter 83 of the San Francisco Administrative Code.
F. **Entry Level Position**: shall mean either an apprentice level position, or a non-managerial position that requires either no education above a high school diploma or certified equivalency or less than two years of training or specific preparation.
G. **FSHA**: First Source Hiring Administration, the body designated to administer and monitor the San Francisco Workforce Development System as set forth in Section 83.6 of the San Francisco Administrative Code. The First Source Hiring Administration is currently made up of representatives from the Department of Human Services, Mayor's Office of Community Development, Mayor's Office of Economic Development, City College, Private Industry Council, and Redevelopment Agency.
H. **Good Faith Effort**: shall mean aggressively engaging individuals in the interviewing process.
I. **Phase I**: shall refer to the first stage of implementation which became operative 30 days after the effective date of the Ordinance, August 21, 1998, and shall apply to Contracts, Property Contracts, and Permits issued for Commercial Activity over 50,000 square feet.
J. **Phase II**: shall refer to the second stage of implementation which shall become operative 24 months after the adoption of a resolution by the FSHA that Phase I has been implemented, and shall apply to Contracts for services in the amount of

$200,000, and Permits issued for Commercial Activity exceeding 25,000 square feet. Phase II begins in April 2001.

K. **System**: shall mean the San Francisco Workforce Development System established by the City and managed by the FSHA for maintaining (1) a pool of Qualified Individuals, and (2) the mechanism by which such individuals are certified and referred to prospective Employers covered by the First Source Hiring Program.

Any other initially capitalized term shall be as defined herein in the Ordinance.

III. **Application of the First Source Hiring Ordinance** (Sections 83.1-83.18 of the San Francisco Administrative Code)

A. **The First Source Hiring Ordinance shall apply to the following types of agreements**:

1. Real Estate and Maritime Leases (Section 83.4 of the Administrative Code): All Property Contracts "including leases, concessions, franchises and easements, between the City and a private party for the exclusive use of real property, owned or controlled by the City, for a term exceeding 29 days in any calendar year (whether by a singular instrument or by cumulative instruments) for the operation or use of such real property, for the operation of a business establishment, that creates Entry Level positions," signed after the effective date of the Ordinance, August 21, 1998.
2. Development Agreements (Section 83.11 of the Administrative Code): Development projects that involve new construction, addition or alteration resulting in the expansion of Entry Level jobs for a Commercial Activity.
3. Construction Contracts (Section 83.4 of the Administrative Code) – A contract where construction is paid for out of Port-controlled money, and the construction is over $350,000.
4. Building Permits (Section 83.4 of the Administrative Code) - In Phase I, any building permit application for over 50,000 sq. ft.; and in Phase II, any building permit application for over 25,000 sq. ft., involving new construction, an addition, or alteration that results in the expansion of Entry Level position for a Commercial Activity.
5. Professional Services Contracts - In Phase II, contracts for good or services in excess of $200,000.

B. **First Source is not applicable in the following cases**:

1. Storage - where property is being used for storage, and there are no Entry Level employees operating on a regular basis.
2. Small Businesses- where there are less than ten permanent employees.

3. Street Use Building Permits- where permit being pulled is not going to result in Commercial Activity or creation of Entry Level jobs.
4. Construction Projects Funded with Federal and State Grants- First Source Hiring will be subject to the approval of federal and state regulations governing the grant.
5. Collective Bargaining Agreements
   a. Taken from Section 83.15, "…If a First Source Hiring Agreement conflicts with an existing collective bargaining agreement to which an Employer is a party, the collective bargaining agreement shall prevail. However, the Employer will be obligated to provide workforce needs information to the San Francisco Workforce Development System and the Employer will be obligated to make good faith efforts to comply with the requirements of its First Source Hiring Agreement that do not conflict with the collective bargaining agreement."
   b. Where Employers are subject to collective bargaining, the First Source Hiring Administrator will collaborate with labor unions to identify and create incentives for hiring Qualified Economically Disadvantaged Individuals from the System.

IV. Employers' Responsibilities

A. Commencement of Contract and/or Lease

1. Employers must give notice of available Entry Level jobs to the City and County of San Francisco (CCSF) by filling out the Employer Projection of Entry Level Positions form (hereinafter referred to as "***Job Survey Form***") and submitting a copy to the FSHA and the Port. The notification requirement does apply to jobs subject to collective bargaining.

B. During the Lease and/or Contract

1. When an Employer has an Entry Level job opening, he/she must notify the System by calling **(415) 749-7500(CalJOBS)** to list the job description and job specifications.
2. Good Faith Hiring requirement- During the life of the lease and/or contract, FSHA will have the ability to review an employer's hiring process to insure that a Good Faith Effort is being demonstrated.

C. Hiring and Retention Goals

1. Employers are required to make a Good Faith Effort towards filling available Entry Level positions with referrals from the System.
2. On July 29, 1999, the FSHA approved the following language regarding Good Faith:

PRESUMPTION OF GOOD FAITH

Employer will make Good Faith Efforts to: 1) fill its first available Entry Level Position with a job applicant referred through the First Source

Program; and, 2) 50% of its subsequent available Entry Level Positions with job applicants referred through the First Source Program.

Fulfillment of this target establishes Employer's Good Faith Efforts. However, failure to meet this target does not impute "bad faith." Failure to meet this target triggers a review of the referral process and the Employer's efforts.

GOOD FAITH EFFORTS

a) The Employer must provide a clear, accurate job description, including expectations, standard of appearance, any special requirements, e.g., language skills, drug testing, driver's license. Job descriptions must be in accord with skills, knowledge, and abilities that are standard for that industry.
b) The Employer must promptly list available Entry Level Position(s) with the Workforce Development System referral network and refrain from seeking applicants from other sources during the specified time.
c) The Employer must give due consideration to all referrals made by the System, resumes must be reviewed, and interviews conducted in accordance with the non-discrimination provisions of this contract.
d) The Employer must provide constructive feedback upon the request of FSHA on all applicants referred by the System.
    i) Employers who meet the safe harbor provision must only respond orally to follow-up questions asked by the First Source account executive.
    ii) Employers who are unable to meet the safe harbor provision will be required to provide written comments on all referrals.
    iii) Job applicants will also be required to provide brief feedback on the process.
e) The Employer must provide timely notification as soon as the job is filled, and identify by whom.

D. Non-Compliance

1. The FSHA will work directly with Contractor/Employer to answer questions regarding the implementation of the First Source program. The Port will work with the Contractor/Employer on all contract compliance matters. If the First Source Hiring Administrator determines that the Contractor/Employer is not in compliance with the First Source program, this information will be reported to the Port contract manager. The FSHA will tell the Port why the Contractor/Employer is in breach and develop a corrective action. The Port will take any steps necessary for enforcement as provided in the Ordinance. The Port will determine whether or not the Contractor/Employer is in breach, and will work with the First Source Hiring Administrator to develop a corrective action plan.

2. If an Employer fails to comply, the City is entitled to the remedies set forth in Sections 83.10 and 83.12 of the San Francisco Administrative Code, which includes the assessment of liquidated damages.

V. Process for Implementation

A. Between October 1, 1998 and August 9, 1999, language requiring the tenant to comply with the Ordinance was inserted into all leases (*See Exhibit A (1)*), requests for proposals for Development Agreements (*See Exhibit A (2)*) and construction contracts (*See Exhibit A (3)*).

As of August 10, 1999, more detailed language will be included in all leases. *See Exhibit A (4).*

B. The San Francisco Port Commission adopted the FSHA Hiring and Implementation Plan at its regular meeting on August 24, 1999.

C. Copies of the Port's FSHA Hiring and Implementation Plan will be distributed to Port Managers with all appropriate instructions and forms to be given to tenants and contractors.

D. Training sessions will be provided at Port staff meetings.

E. **REAL ESTATE/MARITIME DIVISIONS**

1. Port staff sent out ***Job Survey Form*** to all tenants who executed leases between October 1, 1998 through March 31, 1999. After March 31, 1999, individual managers distributed the ***Job Survey Form*** to new tenants.

2. **Responsibilities of Port Staff**:
    a. Provide tenant with copy of "***Job Survey Form.***" .
    b. Provide and review with tenant Instruction Sheet for Completing ***Job Survey Form***. *See Exhibit B.*
    c. Instruct tenant to submit the ***Job Survey Form*** by fax to 1) the First Source Hiring Administration (554-5018) 2) Office of Governmental Affairs, (274-0412) no more than 30 days after the execution of the lease by tenant and the Port.
    d. The Office of Governmental Affairs will make a copy of the Job Survey Form for the Lease File.
    e. The Office of Governmental Affairs will work with the Real Estate/Maritime Division in monitoring new leases and return of ***Job Survey Form***. If the tenant has not returned the ***Job Survey Form*** within the required time, property managers will be asked to contact the tenant.

F. **ENGINEERING DIVISION**

1. The ***Job Survey Form*** will be included in pertinent bid specifications as Document 00458.
2. Building Permits-
   a. As part of a lease amendment, the property manager is responsible for giving the tenant the ***Job Survey Form***.
   b. When the permit does not involve a modification to a lease or a Development Agreement, the Employer will return the ***Job Survey Form*** no later than 15 calendar days after the permit has been approved.
3. The successful bidder will be asked to submit the ***Job Survey Form*** by fax to 1) the First Source Hiring Administration (554-5018) 2) Office of Governmental Affairs, (274-0412) no more than 15 calendar days after the execution of the Notice to Proceed by Contractor and the Port.
4. If the ***Job Survey Form*** is not turned in during the allotted time, Contractor's first payment will be withheld.

G. **PLANNING & DEVELOPMENT DIVISION**

1. Port staff will insert language in Request for Proposals and work with the Developer to draft a ***First Source Hiring Agreement*** that meets the minimum objective of identifying Entry Level jobs and is appropriate for the specific type of development. This Agreement will be a part of the development agreements/lease documents.
2. The First Source Hiring Ordinance applies to all contractors (i.e. construction contractors, subcontractors, and subleases in the development project.
3. The Port will transmit a copy of the executed agreement to FSHA. The Developer will take the responsibility of ensuring that its contractors complete the ***Job Survey Form***.
4. The Port will work with the Developer to create a reasonable deadline for returning the ***Job Survey Form*** so as to maximize the number of Entry Level Positions.

H. The Office of Governmental Affairs will retain a copy of all job survey forms received from Employers, tenants, owners, Developers, Contractors, Subcontractors and building permit applicants to assess the department's overall compliance.

I. The Office of Governmental Affairs will compile a quarterly report to assess the number of Entry Level jobs produced by Port leases, Development Projects, and construction contracts in Quarterly Performance Reports.

J. Upon receipt of the completed ***Job Survey Forms***, the System is responsible for providing Employers with a letter from the First Source Hiring Administration,

giving detailed instructions about how to list Entry Level jobs with CCSF as these positions become available.

K. The Employer is required to report Entry Level jobs at the initial stage of commercial development and throughout the contract or lease as new Entry Level positions are developed.

EXHBIT A(1)

TEXT OF LEASE LANGUAGE FOR LEASES EXECUTED OCTOBER 1, 1998 TO AUGUST 9, 1999

The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within 30 days after the Port Commission adopts a First Source Hiring Implementation and Monitoring Plan ("Port Plan") in accordance with the First Source Hiring Ordinance, [Tenant][Licensee] shall enter into a First Source Hiring Agreement meeting applicable requirements of the First Source Hiring Ordinance. [Tenant][Licensee] acknowledges receiving and reviewing the First Source Hiring Ordinance (attached hereto as Exhibit ____).

I:\\...\First Source\EXHBIT A1.doc

EXHIBIT A (2)

DEVELOPMENT AGREEMENT LANGUAGE

SECTION 40. FIRST SOURCE HIRING PROGRAM

40.1 First Source Hiring Ordinance.

Tenant shall comply with the First Source Hiring Agreement attached hereto as Exhibit G with respect to the operation and leasing of the Premises, and shall include such applicable provisions in its Subleases in accordance with the First Source Hiring Agreement.

DOCUMENT 00457

FIRST SOURCE HIRING PROGRAM CERTIFICATION

Submit completed and signed certification form with Bid if Bidder's Total Bid Price and Alternates selected by the City prior to the date of award of the Contract exceeds $350,000. The City may determine that Bidder's Bid is non-responsive if Bidder's Total Bid Price and selected Alternates exceeds $350,000 and Bidder fails to submit this certification with its Bid.

I, ________________________________, by affixing my signature hereto, acknowledge that I have read San Francisco Administrative Code chapter 83 and agree to participate in the "First Source Hiring Program" of the City and County of San Francisco, which fosters construction and permanent employment opportunities for Qualified Economically Disadvantaged Individuals, and that I will comply with the all First Source Program requirements as set forth in Document 00820, including but not limited to the following:

1. provide accurate information to the City's First Source Hiring Administration about the availability of Entry-Level Positions, as defined in the First Source Program Requirements (Document 00820), and apprentice positions;
2. offer the City's Work Force Development System the first opportunity to refer qualified job applicants for consideration for such Entry-Level Positions or apprentice positions; and
3. require my Subcontractors to participate in the First Source Hiring Program.

I understand that in accordance with the First Source Hiring Program the final decision to hire Qualified Economically Disadvantaged Individuals shall be made by Contractor or its Subcontractors. As a condition precedent to execution of the Contract, I further understand and agree that within 10 working days after the date of Notice to Proceed, I will submit a completed Employer's Projection of Entry Level Positions (Document 00458) indicating the total estimated number of Entry-Level Positions or apprentice positions by craft or trade that will be needed for Work under this Contract, including non-craft employees.

During the Contract I will be required to submit, and shall require my Subcontractors to submit, lists of current Entry-Level Positions and apprentice positions and employees currently occupying those Entry-Level Positions or apprentice positions to establish a baseline of potential Entry-Level Positions and apprentice positions.

The City will review Contractor's activities to verify compliance with the above requirements. I agree to maintain accurate records demonstrating my compliance during the Contract and to provide upon request all information deemed necessary by the City to verify Contractor's compliance. I further agree that Contractor, or its Subcontractors, who fail to comply with the above requirements may be assessed liquidated damages in the amount of two-thousand-seventy dollars ($2,070) for every new hire for each Entry-Level Position or apprentice position that is improperly withheld from the First Source Hiring Program.

Bidder's Name	Bidder's Street Address
Name and Title of Signer	Bidder's City, State, ZIP
	Bidder's Telephone No.
Signature of Bidder or Authorized Representative	Date

END OF DOCUMENT

DOCUMENT 00820

FIRST SOURCE PROGRAM REQUIREMENTS

1.1 SUMMARY

A. If Contractor's Total Bid Price and Alternates selected by the City prior to the date of award of the Contract exceeds three hundred fifty thousand dollars ($350,000), Contractor and its Subcontractors are required to comply with San Francisco Administrative Code chapter 83 and to participate in the City's First Source Hiring Program as set forth in this Document.

1.2 DEFINITIONS

A. For purposes of this Document initially capitalized terms are defined as follows:

1. Economically Disadvantaged Individual: An individual who is either (a) eligible for services under the Job Training Partnership Act, 29 U.S.C. section 1503, as determined by the San Francisco Private Industry Council; or (b) designated as "economically disadvantaged" by the FSHA, as an individual who is at risk of relying upon, or returning to, public assistance.
2. Employer: Contractor, Subcontractor, partner, agent or employee of Contractor, or a combination thereof engaged in commercial activities of the Contract, who is subject to the requirements of chapter 83 of the San Francisco Administrative Code.
3. Entry-Level Position: A non-managerial position that requires either (a) no education above a high school diploma or certified equivalency, or (b) less than 2 years of training or specific preparation, and shall include temporary and permanent jobs.
4. FSHA: First Source Hiring Administration, the body designated to administer and monitor the San Francisco Workforce Development System as set forth in section 83.6 of the San Francisco Administrative Code.
5. Good Faith Efforts: Employment opportunity outreach efforts aggressively engaged in by Employer including the development of recruitment, interview, hiring and Retention plans in collaboration with the System.
6. Job Classification: Categorization of employment opportunity or position by craft, occupational title, skills and experience required, if any.
7. Qualified: An Economically Disadvantaged Individual who meets the minimum bona fide occupational qualifications provided by Employer to the San Francisco Workforce Development System in the job availability notices required by chapter 83 of the San Francisco Administrative Code.
8. Publicize: Advertise or post, available employment information including participation in job fairs or other forums.
9. Retention: When used in this Document, Retention shall be construed to apply to the Entry-Level Positions or apprentice positions, not to any particular individual.
10. Subcontractor: A person or entity who has a direct contract with Contractor to perform a portion of the Work at the Site under the Contract Documents.
11. System: The San Francisco Workforce Development System established by the City and County of San Francisco, and managed by FSHA, for maintaining (1) a pool of Qualified individuals, and (2) the mechanism by which such individuals are certified and referred to prospective Employers covered by the First Source

"essential functions" means those functions absolutely necessary to open for business or to provide for health and life safety services.

G. Nothing in this Document shall be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent decrees, collective bargaining agreements, or existing employment contracts. In the case of collective bargaining agreements, the FSHA will take the primary responsibility for integrating the requirements of this First Source Program with any such collective bargaining agreements.

H. Nothing in this Document shall be interpreted to prohibit the adoption of hiring and retention goals, first source-type hiring and interviewing requirements, notice and job availability requirements, monitoring, record keeping, and enforcement requirements and procedures which exceed the requirements of this Document.

1.6 COMPLIANCE

A. The obligations of the System are as follows:
   1. receive Contractor/Employer job notification and job orders, and immediately initiate recruitment and prescreening activities;
   2. recruit Qualified Economically Disadvantaged Individuals to create a pool of applicants who match Employer job specifications and, to the extent appropriate, train applicants for jobs that will become available through the First Source Program;
   3. screen and refer applicants according to qualifications and specific selection criteria submitted by Employers;
   4. provide funding for City-sponsored pre-employment, employment training, and support service programs;
   5. follow-up with Employers on outcome of applicants referred for employment and initiate corrective action as necessary to maintain an effective employment/training delivery system;
   6. provide Employer with reporting forms for monitoring the requirements of this Document; and
   7. monitor the performance of the First Source Program requirements by examination of Employer certified records submitted upon request by the City.

B. The obligations of Contractor under this Document are as follows:
   1. Provide the System with all of the following information:
      a. Projected job openings for Entry-Level Positions and apprentice positions during the performance of said Contract of Contractor and all Subcontractors. Describe such job openings by Job Classification, weekly hours required, wages paid, and duration of employment.
      b. Timely notification of Entry-Level Positions or apprentice positions as they become available.
      c. Identification of specific job qualifications, if any (e.g. driver's license).
      d. Identification of English language proficiency requirements or absence thereof.
      e. Notification of projected hiring schedule and procedures for each Job Classification, including the time and place of hiring for each craft.
   2. Maintain accurate records demonstrating Contractor's compliance with the First Source Hiring requirements of chapter 83 of the San Francisco Administrative Code including, but not limited to, the following:
      a. Log of dates and times of notices and referrals to the System.

b. Current workforce composition.
c. Applicants.
d. Job offers.
e. Hires.
f. Rejections.
g. Pending applications.
h. Promotions and demotions.
i. Employees working, on average, less than 35 hours per week.

3. Submit completed reporting forms based on Contractor's records to the FSHA quarterly, unless more frequent submittals are required by the FSHA. In this regard, Contractor agrees that if a significant number of positions are to be filled during a given period or other circumstances warrant, the FSHA may require daily, weekly or monthly reports containing all or some of the above information.

4. Upon request by the FSHA, Contractor shall demonstrate that it has exercised Good Faith Efforts to fulfill its obligations as set forth above.

C. The City is entitled to the remedies set forth in section 83.10 of the San Francisco Administrative Code if Contractor or its Subcontractors fail to comply with the requirements set forth in this Document.

D. Contractor understands that failure to comply with these provisions may result in the imposition of liquidated damages in the amount of two-thousand-seventy dollars ($2,070) for every new hire for each Entry-Level Position or apprentice position improperly withheld from the First Source Hiring Program. Additionally, Contractor may be subject to sanctions and penalties enumerated in sections 6.52, 6.58, and 6.60 San Francisco Administrative Code.

END OF DOCUMENT

EXHIBIT A (4) LANGUAGE FOR LEASE CLAUSE - AUGUST 24, 1999

First Source Hiring Ordinance

The City has adopted a First Source Hiring Ordinance (San Francisco Administrative Code § 83.1 et. seq.) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Pursuant to § 83.7(b) of the First Source Hiring Ordinance, the Port Commission has adopted a First Source Hiring Implementation and Monitoring Plan ("Port Plan") subject to approval by the First Source Hiring Administration. [Tenant][Licensee] acknowledges receiving and reviewing the First Source Hiring Ordinance. Under Section 83.9(d) of the First Source Hiring Ordinance, compliance by an employer with the Port Plan is deemed to be compliance with the provisions of the First Source Hiring Ordinance.

Based on the foregoing TENANT agrees to comply with the Port Plan through compliance with all of the following measures:

(a) TENANT shall notify the City and County of San Francisco's Workforce Development System, Department of Human Services of all projected Entry Level Positions and the approximate date such positions will be available, by using the ***Job Survey form*** provided by the Port of San Francisco. The Port will also provide the TENANT with a detailed instruction sheet summarizing the procedure for the commencement of the lease. TENANT shall return the Job Survey Form to the Port within 30 days after execution of the lease by the Port and tenant.

For purposes of this Agreement the terms "Entry Level Position," "San Francisco Workforce Development System," "Qualified Economically Disadvantaged Individual," and "First Source Hiring Agreement" shall have the meaning provided in Section 83.4 of the San Francisco Administrative Code.

(b) TENANT shall notify the San Francisco Workforce Development System of all vacancies for existing or new Entry Level Positions on the premise, during the lease term, and shall offer the San Francisco Workforce Development System the first opportunity to provide Qualified Economically Disadvantaged Individuals for employment in these positions.

(c) TENANT shall not publicize or otherwise post such vacancies until the San Francisco Workforce Development System refers Qualified Economically Disadvantaged Individuals for employment in these positions or notifies TENANT that no Qualified Economically Disadvantaged Individuals are available for the particular vacancies. The San Francisco Workforce Development System shall respond to TENANT within ten (10) business days. After 10 business days, if the San Francisco Workforce Development System does not refer applicants, TENANT can advertise and fill Entry Level Positions outside of the City referral system.

(d) TENANT shall interview qualified applicants and use good faith in hiring applicants. TENANT shall maintain good records of recruitment and hiring process, and shall permit Port or City to audit such records upon request.

Pursuant to Section 83.10 of the Ordinance, if upon administrative review, it is determined that Entry Level positions were not made available to the San Francisco Workforce Development System for referral of Qualified Economically Disadvantaged Individuals, and the Employer does not remedy the violations, that Employer shall be assessed a penalty in the amount of $2,070 for every new hire for an Entry Level Position improperly withheld from the First Source Hiring process.

EXHIBIT B- JOB SURVEY FORM

PORT OF SAN FRANCISCO

EMPLOYER'S PROJECTION OF ENTRY LEVEL POSITIONS

Employer will use this form to indicate:

(1) For a Tenant/Subtenant, the number of **Entry Level Positions** in their company that are currently filled and those that are currently available on premises leased by the Port of San Francisco, and if the position(s) is (are) subject to collective bargaining agreement(s).
(2) For the successful Developer, Contractor, or Subcontractor, **Entry Level Positions** that are currently filled and those that will be available during construction work at a Port facility and/or project.

Note: If an **Entry Level Position** becomes available during the term of the lease and/or contract, Employer must notify the First Source Hiring Administration by calling 749-7500 (CalJOBS) to list the job title and specifications.

Entry Level Position *means a non-managerial position that requires either no education above a high school diploma or certified equivalency, or less that two years of training or specific preparation.*

Type of Employer (check one): Tenant___ Subtenant___

Developer___ Contractor___ Subcontractor___

Identify Premises or Construction Project ________________________________

Name of Employer ________________________________

Contact Person ________________________________

Street Address ________________________________

City ____________________ State __________ Zip __________

Telephone ( )____________Fax ( )____________E-Mail____________________

Signature ____________________ Date ____________________

Position Title	Number of Entry Level Positions	Number Currently Filled?	Number Currently Available?	Estimated Start Date	Subject to Collective Bargaining? Y/N

Department Name: **PORT** Department Contact: **IMANI HAYGOOD** Ph # : **274-0417**

Please FAX this form to: 1) First Source Hiring Administrator, 554-6018 and to
2) Imani Haygood, Port of San Francisco, 274-0412.

Revised 7/8/99

EXHIBIT B –INFORMATIONAL SHEET

PORT OF SAN FRANCISCO

First Source Hiring Program Instruction Sheet

The First Source Hiring Program, enacted by the City and County of San Francisco in 1998, is designed to provide businesses with access to a pool of qualified applicants from job training and job transitioning programs to fill entry level job openings. Under the Ordinance you must give the City and County of San Francisco the first opportunity to refer qualified economically disadvantaged individuals for these entry level jobs.

- The First Source Hiring Ordinance applies to Leases over 29 days, Development Agreements, Construction Contracts for over $350,000, Professional Services Contracts for over $200,000 in Phase 2 and Building Permits where there is commercial activity of over 50,000 square feet in Phase 1, over 25,000 square feet in Phase 2, all executed after August 21, 1998.

It is **not applicable** in the following cases: where property is being used for storage, where there are less than ten permanent employees, where entry level jobs are subject to collective bargaining agreements, and for street use building permits. When construction projects are funded with federal/state grants, please check with state or federal agency for approval of First Source Hiring.

TENANTS', CONTRACTORS' AND/OR DEVELOPERS' RESPONSIBILITIES

At the commencement of Contract and/or Lease

- **Fill out the Employer Projection of Entry Level Positions form (*Job Survey Form*)** indicating the number of entry level positions located on your Port leased premises. Fax this form to the First Source Hiring Administration (FSHA) [Fax # (415) 554-6018] with a copy to the Port [Fax # (415) 274-0412].

During the Contract and/or Lease

- **List all available entry-level positions** during the term of your lease and/or contract with the Port.

- **Notify the System when you have an Entry Level job opening** by calling (415) 749-7500(CalJOBS) to list the job description and job specifications.

- **Consider First Source referrals** for a window of **10 days** before advertising jobs publicly.

Good Faith Hiring Requirement

- You have a good faith responsibility to consider qualified candidates from the pool of applicants that have been referred from the System.

- Presumption of Good Faith is established when Employer hires 50% of entry level positions from FSHA system referrals.

- Failure to meet this goal may trigger a review of your hiring process by FSHA.

Non-Compliance

- If based on complaint, failure to report, or other cause, the FSHA has reason to question your good faith effort, you may be asked to demonstrate to the reasonable satisfaction of the City that you have exercised good faith in its First Source Hiring under the ordinance.

- Employer will submit job survey forms by fax to FSHA and the Port's Assistant for the Office of Governmental Affairs.

- Failure to comply will result in the assessment of liquidated damages.

CITY'S RESPONSIBILITY

- To provide tenants with referrals of qualified applicants within 10 days.

I:\\...\first source\ instruction sheet.doc
7/21/1999

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

August 18, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold.

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENT TO LEASE WITH SAN FRANCISCO DRYDOCK, INC.

BACKGROUND

San Francisco Drydock, Inc. is the Port's largest maritime customer and a major source of jobs for skilled blue-collar union workers in San Francisco. In December 1987, the Port entered into a thirty-year Lease (L-11320) with Southwest Marine, Inc. a California corporation ("SWM"), under which SWM leased and operated the ship yard facilities at Piers 68/70. Incorporated into the premises of this lease were two floating drydocks that the Port had acquired from Todd Shipyard, Inc. In 1993, SWM assigned the lease to San Francisco Drydock, Inc. ("SFD") in compliance with the lease terms and conditions, which the Port accepted.

Though the Bay Area has been particularly hard-hit with military base closures and defense spending cutbacks since early in the decade, SFD has been successful in transitioning its business from primarily defense-based work to chiefly commercial repairs. This trend continues as within the past twelve months they have landed work for two new cruise lines, two new tanker customers, and several new cargo vessel owners. It continues to be in the Port's best interest, therefore, to collaborate with SFD on efforts to increase San Francisco's ship repair market share and foster future growth.

THIS PRINT COVERS CALENDAR ITEM NO. 5A

About a month ago the Port's smaller drydock, Drydock #1 failed to float during a routine drydocking operation. It has since been recovered, but its lack of availability has rendered the yard non-competitive with other major full-service West Coast facilities. Anticipating the possibility that Drydock #1 could fail, Port staff has been actively seeking a remedy by searching through Government Surplus property offerings in past recent years.

In March of this year, the Port was successful in winning the transfer rights to the Medium Auxiliary Floating Drydock "Steadfast" through the assistance of Congresswoman Nancy Pelosi and a letter of support from the National Parks Department. The Steadfast is currently located in Benecia, California, and has been physically inspected by employees of both the Port and SFD. Through a Resolution dated August 10th, the Port Commission agreed to fund the transfer fee applied by the California State Agency for Surplus Property, Department of General Services, in the amount of $93,600.00 .

It is now proposed that the Steadfast be added to the Premises as defined by the original lease. In consideration for the Port's payment of transfer fees and the exclusive use of the Steadfast through the lease term, SFD agrees to pay all fees and costs associated with the moving and set up of the STEADFAST, or any permit fees associated with the operation of the STEADFAST either initially or ongoing. SFD also agrees to comply with all of the terms and conditions of that certain Vessel Conditional Transfer Document, a copy of which is on file with the Commission Secretary, as if TENANT were the Donee thereunder.

A Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. is now put forth to accomplish these intentions.

Proposed Terms:

Term:	This amendment will be effective through the duration of lease L-11320, but subject to the provisions for lease termination therein.
Premises:	The Port will add the 598 foot length overall Medium Auxiliary Floating Drydock, "Steadfast," plus all equipment and fixtures PORT may acquire in the Steadfast's transfer from the State of California, State Agency for Surplus Property to the "Premises" as defined by L-11320.
Rent:	Rent will not be affected.

Assumption of
Obligations: The Amendment requires SFD to comply with all of the terms of the Vessel Conditional Transfer Document, dated July 7, 1999, between the Port and the United States of America, Acting by and through the California State Agency for Surplus Property, Department of General Services, which agreement the Port Commission approved at its August 10, 1999 meeting.

With the addition of the Steadfast to the Premises, SFD can continue to effectively compete coastwise with other major, full-service ship repair yards, help ensure the effective utilization of the Port's ship repair assets into the next millennium, and serve to foster, revitalize, and assist this time honored and proven Bay Area industry. Port staff respectfully requests that the Port Commission approve this amendment.

A copy of the amended agreement is on file with the Commission Secretary.

Prepared by: G. L. Roybal, Market Research Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-64

WHEREAS, San Francisco Drydock, Inc. is the Port's largest Maritime customer and among the largest providers of jobs in San Francisco for blue-collar union workers, employing as many as 1,000 people per day; and

WHEREAS, San Francisco Drydock, being the last remaining full service shipyard in Northern & Central California, has achieved successful entry and transition into the commercial ship repair markets, and continues to add new cruise ship, container, and tanker repair clientele that in turn attracts more maritime traffic into San Francisco and creates demand for all of the Port's maritime facilities; and

WHEREAS, it continues to be in the Port's best interest to collaborate with SFD on efforts to increase San Francisco's ship repair market share, foster future growth, and ensure effective utilization of the Port's ship repair assets; and

WHEREAS, the Port's smaller drydock, Drydock #1 recently failed to float during a routine drydocking operation, negatively impacting San Francisco Drydock's ability to compete coastwise with other major, full-service ship repair yards; now, therefore be it

RESOLVED, that the Port Commission hereby approves the Third Amendment to Lease L-11320 with San Francisco Drydock, Inc., allowing San Francisco Drydock to operate the Port's recently acquired surplus drydock "Steadfast."

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 24, 1999.

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

August 18, 1999

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to execute Contract Modification No. 1 for Construction Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C", with Dutra Dredging Company.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO EXECUTE CONTRACT MODIFICATION NO. 1 FOR CONTRACT 2655, IN THE ADDITIONAL SUM OF $1,200,000 TO DUTRA DREDGING COMPANY

The Port has a considerable amount of Maintenance Dredging to perform this fiscal year. There has been additional urgency placed on completing this dredging as soon as possible due to new requirements contained in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office. These new requirements become effective this year and will limit the amount of time allowed for in-bay dredging to six months per year, from June 1 through November 30. In order to start the Port's Maintenance Dredging as soon as possible, a Contract Modification with Dutra Dredging is required. This Contract Modification will include the Central Basin, Hyde Street Harbor and the Downtown Ferry Terminal dredging into Contract 2655. This Contract Modification will include dredging materials unsuitable for in-bay disposal as required for these sites.

Dutra has agreed to include the Central Basin and Downtown Ferry Terminal sites into the contract at the contract unit rates. Port Staff negotiated slightly higher rates for the Hyde Street Harbor dredging due to the site difficulties and limited dredge volume. The maintenance dredging work includes contractor mobilization and demobilization, surveying, dredging, and dredge spoils and debris disposal. This cost estimate includes disposal of dredge spoils unsuitable for in-bay disposal. The cost estimate for the additional dredging is $1,200,000, which includes a 15% contingency.

Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80. Contract Modification No. 1 will bring the total contract value to $3,236,150. The Human Rights Commission has approved this proposed Contract Modification, subject to Port Commission approval.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

This Print Covers Calendar Item No. 7A

PORT OF SAN FRANCISCO
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-57

WHEREAS, Contract 2655 was awarded for $1,770,565 with a $265,585 contingency to perform dredging at Pier 35 and Pier 80; and

WHEREAS, due to new regulations limiting the duration of yearly dredging, it is necessary to modify the contract; and

WHEREAS, Contract Modification No. 1 for $1,200,000 including required dredging at Central Basin, Hyde Street Harbor and Downtown Ferry Terminal sites into Contract 2655 requires Commission approval; now, therefore, be it

RESOLVED, that the Port Commission approves Contract Modification No. 1 of Contract 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B and C", with Dutra Dredging Company for a total contract amount of $3,236,150.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 24, 1999.

Secretary

PORT OF SAN FRANCISCO

2655 Contract Modification

Dredging Quantity and Cost Estimate

FACILITY NAME	DREDGE DEPTH (M.L.L.W.)	Priority		2655 Change Order Estimated Dredging Cost				
				Quantity Cu. Yds.	Assumed Upland Disposal CY's	Up-land Disposal ($)	In-Bay Dredging Disposal Cost ($)	Estimated Dredging Cost ($)
Central Basin	-32 ft.			233,000			$ 764,240.00	$ 764,240.00
Downtown Ferry	-20 ft		#	13,616	1,284	$ 44,940.00	$ 40,448.96	$ 85,388.96
Hyde Street Harbor	-14 ft			7,500	2,400	$ 156,000.00	$ 35,700.00	$ 191,700.00
Contingency								$ 127,444.34
TOTAL								$ 1,168,773.30

Funding

Central Basin Funds CPO625-02	$	900,000
HSH	$	200,000
DTFT	$	100,000
Total	$	1,200,000

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 20, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong DO for
Executive Director

SUBJECT: Adoption of Negative Declaration and Approval of Lease Disposition and Development Agreement and Ground Lease with Ferry Building Investors, LLC, for the Development of the Ferry Building as a Mixed Use Project.

DIRECTOR'S RECOMMENDATION: ADOPT NEGATIVE DECLARATION AND APPROVE LEASE DISPOSITION AND DEVELOPMENT AGREEMENT AND GROUND LEASE

I. BACKGROUND

The Ferry Building has long stood as a symbol of the San Francisco waterfront and is one of the City's most widely and easily recognized landmark buildings. The building serves a vital transportation function as a link between increasingly busy ferry operations on the bayside and existing and planned transit operations on the cityside. The building has also been a significant resource for the Port of San Francisco, housing the Port's administrative offices and providing important commercial rental income.

For the past six years the Port worked to develop, evaluate and refine alternative concepts for the Ferry Building. To help facilitate this development, the Port Commission by Resolution No. 99-17 (March 9, 1999) approved a Development Agreement with AMB Property Corporation for the redevelopment and adaptive reuse of Pier 1, in order to relocate the Port's administrative offices to Pier 1 as well as accommodating other uses. Construction at Pier 1 commenced earlier this month, and the Port is expected to relocate in December 2000.

THIS PRINT COVERS CALENDAR ITEM NO. **8A**

On May 15, 1998, the Port issued a Request for Qualifications and Proposals ("RFQ/P") to rehabilitate and lease the Ferry Building as a mixed use project. Pursuant to this RFQ/P, the Port Commission by Resolution No. 98-114 (November 17, 1998) awarded to William Wilson and Associates ("WWA") the opportunity to enter into an exclusive right to negotiate with the Port for this project. WWA and Cornerstone Properties, a national real estate investment trust, have since merged and are known as Wilson Cornerstone. An Exclusive Right to Negotiate agreement was executed by the Port and WWA Investors, LLC, a California limited liability company (a successor in interest to WWA for this agreement), on December 28, 1998 ("Exclusive Right"). The Exclusive Right provided for an Exclusive Negotiation Period expiring on April 27, 1999 (including options), which was extended until August 27, 1999 by the developer.

Port staff and the developer have diligently negotiated during the Exclusive Negotiation Period. Also during this period, the developer completed its due diligence investigation of the Ferry Building and refined the scope of the project, as reflected in a Lease Disposition and Development Agreement ("LDDA") and Ground Lease ("Lease"), and the Scope of Development attached to the LDDA. The project scope involves the redevelopment and historic rehabilitation of the Ferry Building for ground level commercial retail space including a food market, dining establishments and services for water transit patrons, and upper level office space. After construction is completed, the Port will retain approximately 3,000 usable square feet for its Commission meeting room and an ancillary office, and will execute a sublease with Developer with respect to such space (the "Port Sublease").

Ferry Building Investors, LLC, a California limited liability corporation ("Developer"), is the successor in interest to WWA for the Ferry Building LDDA and the Lease. Wilson Cornerstone is the California name for the entity also known as Cornerstone Properties Limited Partnership which controls Ferry Building Investors, LLC.

The following has also been accomplished to date during the Exclusive Negotiation Period:

- The Port staff and Developer met with State Lands Commission staff who have indicated preliminarily that the project appears to be in compliance with State Trust Purposes.

- The Port staff and Developer have met several times with the State Historic Preservation Office which has indicated preliminarily that most aspects of the proposed project conform to the Secretary of Interior's Standards for Historic Rehabilitation.

- The San Francisco Planning Department has reevaluated the project as modified since completion of a Final Negative Declaration, dated October 1, 1998, and concluded that additional review under CEQA for the project as modified is not required.

- The Waterfront Design Advisory Committee (the joint 5-member committee appointed by the Port, the Mayor, and the San Francisco Planning Department) provided initial review and

generally favorable comments on the design concept to the Schematic Design of the project on July 20, 1999, and has indicated its desire to again review the design once it is further developed.

- Meetings have been held with S. F. Bay Conservation and Development Commission ("BCDC") staff and the BCDC Design Review Board, at which generally favorable comments have been received.
- The Port staff and Developer have negotiated the terms of an LDDA and a Lease.

Following the adoption of the Negative Declaration and approval of the LDDA and the Lease by the Port Commission, the following approvals must be obtained before the construction can proceed:

- Approval of the Lease by the San Francisco Board of Supervisors
- Submittal of Historic Preservation Certification Application Part 2 to the National Park Service
- Approval of Design Recommendations by the Waterfront Design Advisory Committee
- Approval of the Schematic Design by the Port Commission
- Approval of a Parking Exemption by the S. F. Planning Department
- Issuance of a BCDC Permit
- Issuance of a Building Permit by the Port

The developer expects to receive these approvals and to commence construction by January 2001, and expects to complete construction by June 2002. After the construction is completed, the Developer expects to receive certification from the National Park Service that the construction complies with the Secretary of Interior's Standards for Rehabilitation, making the project eligible for a 20% Federal Historic Preservation Tax Credit.

II. CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")

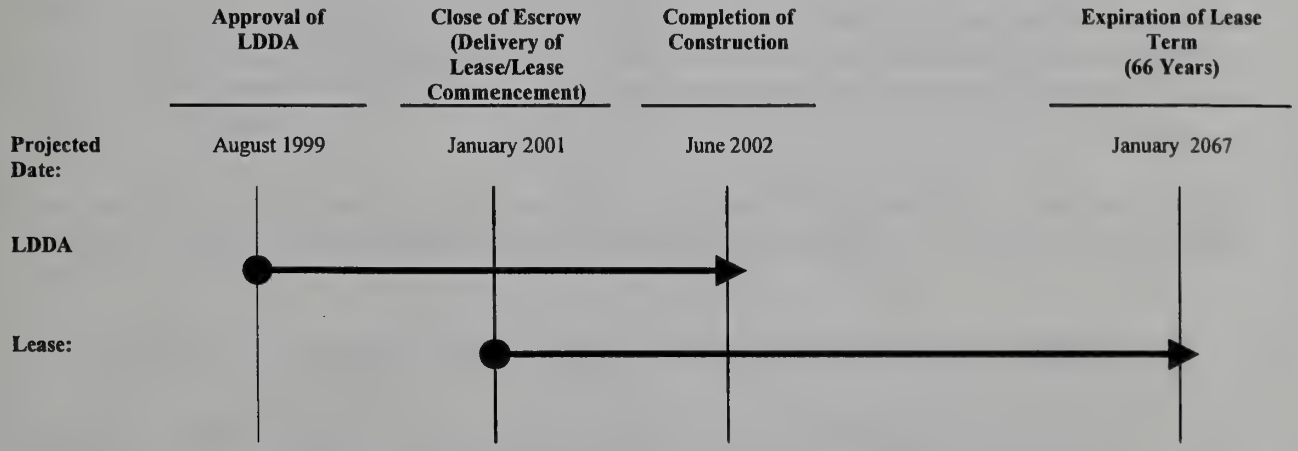
The San Francisco Planning Department published a Final Negative Declaration, dated October 1, 1998, regarding the proposed Ferry Building project. This Final Negative Declaration finds that the project will not have a significant effect on the environment, and identifies certain mitigation measures to avoid potential significant negative effects, which are indicated in LDDA Attachment 18.

The Port subsequently requested that the Planning Department reevaluate the proposed project in light of modifications to the project, i.e., reductions in the commercial development program. The Planning Department reviewed the revised project and concluded, by Memorandum to File No. 94.684E, Ferry Building Renovation Project, of August 19, 1999, that the analyses conducted and the conclusions reached in the Final Negative Declaration adopted and issued on October 1, 1998 remain valid and that no supplemental environmental review is required. Before the Port Commission can approve the Agreements, it must consider and adopt the findings of the Final Negative Declaration and its Mitigation Measures and the Mitigation Monitoring and Reporting Program (which is also in Attachment 18), pursuant to CEQA.

III. PROPOSED AGREEMENT

The form of the Agreements negotiated by Port staff and the Developer consists of an LDDA and Lease, with other documents concerning the transaction being attached as exhibits. These exhibits include such items as Mitigation Measures; a Schedule of Performance; a Scope of Development; Prevailing Wage Requirements; and a Program in Diversity.

Approval is now being sought from the Port Commission for the LDDA and Lease, including the attached exhibits. The LDDA (which will include the Lease as an exhibit as well as other exhibits) will be executed by the Port following its approval by the Port Commission and the approval of the Lease by the Board of Supervisors. The LDDA will go into effect immediately upon its execution by the Port and Developer, but the Lease will not go into effect until certain conditions are satisfied, which are discussed below under the Lease. Once these conditions have been satisfied, the fully executed Lease and the Site will be delivered to the Developer through an escrow. The Lease will immediately become effective when it is delivered to the Developer, after which construction can begin. The Lease will expire 66 years following its commencement date. The LDDA will expire upon completion of construction. The structure and anticipated schedule for this transaction are illustrated in the following diagram.


Approval of LDDA
Close of Escrow (Delivery of Lease/Lease Commencement)
Completion of Construction
Expiration of Lease Term (66 Years)
Projected Date:
August 1999
January 2001
June 2002
January 2067
LDDA
Lease:

It is important to note that, while only the LDDA would now be signed by the Port and go into effect, Port Commission approval is now being sought for the entire transaction as described in all the documents comprising the Agreements, with the sole exception of approval of the Schematic Design. If the conditions stated in the LDDA are satisfied, and the Port Commission approves the Schematic Design, the Executive Director will be authorized to execute and deliver these documents through escrow, including the Lease and Port Sublease for the Commission Room.

A. Lease Disposition and Development Agreement

The purposes of the LDDA are to set forth the conditions for the development of the Ferry Building by the Developer, and to state the conditions for delivery of the Lease for the Ferry Building and the Site to the Developer. The Port will be obligated to deliver the Lease and the Site to the Developer provided the conditions are satisfied. The LDDA provides the Developer with the certainty it needs in order to invest further in the design and approval process for the Ferry Building and to finalize the project financing. It also protects the Port in that the Port does not have to deliver the Lease and the Site unless and until certain conditions are satisfied.

Conditions stated in the LDDA for the development of the Ferry Building include the following:

- The Port is to deliver the Ferry Building to the Developer free of existing tenants and occupants, (including the Port) except the World Trade Club ("WTC"), Limbach & Limbach, Inc. ("Limbach"), and Amtrak.

- If the Port is unable to vacate the Ferry Building on schedule because of a delay in the Pier 1 project, the Port may extend the time to close the escrow and deliver the Site for a three (3) month period, subject to a graduated rent credit schedule. Failure of Pier 1 to be completed is not an event of default under the LDDA, but treated as a force majeure (subject to the rent credit schedule) until an outside close date of December 31, 2003.

- Developer is responsible for relocating WTC, Limbach and Amtrak or may accept the Site subject to their tenancies. If Developer is unable to obtain the termination or relocation of WTC by the Close of Escrow, it is treated as a force majeure and extends the date of the close until July 31, 2004.

- Port agrees to exercise any rights it may have to relocate WTC, Limbach or Amtrak and/or to terminate month to month tenancies and ancillary agreements they may have (such as parking rights).

- The Developer is to accept the Ferry Building in its "as is with all faults" condition.

- Developer is responsible at its own sole cost and expense to comply with all laws and regulations, and to obtain all regulatory approvals necessary to undertake the planned development.

- Developer is responsible to perform any investigation and remediation of hazardous materials, including conditions existing prior to delivery, but only to the extent legally required as a result of Developer's construction activities. If for any reason the LDDA is terminated, Developer is responsible for those preexisting conditions it has exacerbated or disturbed. Developer is responsible for all costs in developing the site, obtaining utilities, and constructing improvements. Certain offsite improvements remain the responsibility of the Port but may be performed by Developer with costs to be reimbursed by the Port. These include certain apron work, the removal of Pier 1/2, and certain utilities that service surrounding Port property and other users. In addition, the Port and Developer have agreed to cooperate to cause the BART to repair certain damage to the Building's substructure for which the parties believe BART is responsible and the Port has agreed to reimburse Developer for certain repair costs associated with that work if the BART refuses to effect the repairs, subject to a $250,000 limit.

- Developer will improve the site in conformance with the Schedule of Performance, Scope of Development, and Schematic Drawings (discussed below),which will be attached as exhibits to the Development Agreement. The construction design documents are defined and the procedure for the Port to approve the construction design documents is established, with the first step being a recommendation from the Waterfront Design Advisory Commission and then an approval of the Schematic Drawings by the Port Commission.

- Developer is to comply with the mitigation measures identified in the Final Negative Declaration and shown in Attachment 18.

- Developer is to follow a Program in Diversity in designing and constructing the improvements, and is to pay prevailing wages for all construction work.

- The default and legal remedies of the parties are identified, which for the Port include termination, specific performance, damages and liquidated damages in the form of an LDDA termination fee up to one million dollars ($1,000,000), and for Developer include termination, specific performance, and limited damages remedies. In addition, if the Port fails to approve or unreasonably withholds its approval as to Developer's submitted requirements (e.g. construction drawings) within the time allowed, Developer may request an expedited non-binding arbitration procedure.

- Developer is to comply with all City requirements, including non-discrimination and first source hiring.

- Developer is to carry insurance and is to indemnify the Port.

- A completion guaranty and guaranty of the LDDA termination fee will be provided by Cornerstone Properties Limited Partnership (the "Guaranty").

Following are the conditions that must be satisfied for the escrow to close, whereby the Lease and the site will be delivered to Developer:

- Port has approved the construction design documents.
- Port has issued a full building permit or a site permit.
- Developer has submitted to the National Park Service Part 2 of the Historic Preservation Certification Application.
- Developer has received all required approvals from regulatory agencies, including BCDC.
- Developer has submitted to the Port an updated Construction Budget, and evidence of a guaranteed maximum price contract for the construction of improvements consistent with the Construction Budget.
- Developer has provided the Guaranty.
- Pier 1 is completed.
- Developer has submitted evidence regarding the establishment of an investment entity to utilize Historic Tax Credits.
- Developer has submitted a certificate of insurance for required insurance coverage and the title company is prepared to insure title.
- Executed copies of the Lease have been submitted into escrow.
- The Ferry Building is free of all tenants and occupants, except WTC, Limbach and Amtrak.
- Developer has submitted a First Source Hiring Agreement and an HRC Certificate of Compliance and the Port has approved them.
- Port has completed certain offsite work in the Apron Area and issued permits to enter to Developer for staging and other construction activity.
- There have been no adverse changes in the condition of the site.

B. Lease

The Lease, which will be delivered through escrow when the above conditions are satisfied, will include the following business terms:

- **Premises:** The Premises will consist of the existing Ferry Building, with certain easements, as shown on the Site Plan attached as Attachment 2.

- Developer has an option and right of first offer, subject to the amendment of existing BCDC permits, to also lease the Plaza Area behind the Ferry Building. If Developer leases the Plaza, it will assume maintenance and landscaping obligations there, and Plaza revenues and expenses will be accorded the same treatment as other such items in the Participation Rent provisions of the Lease.

- **Term:** The term of the Lease will commence upon the close of escrow and expire 66 years thereafter.

- **Permitted Uses:** The Premises shall be used for specialty retail uses, food markets, entertainment, offices, meetings, restaurants, transportation terminal uses, and public access uses.

- **Minimum Rent:** The Minimum Rent to the Port is set at $1,400,000 per year, or $116,667 per month, and is to be paid under all circumstances with very limited abatement rights for damage and destruction and condemnation, and a very limited right to defer upon utilities interruption.

- **CPI Adjustment Rent:** In addition to Minimum Rent, Developer will pay Consumer Price Index ("CPI") Adjustment Rent. CPI Adjustment Rent is readjusted and calculated every five (5) years, subject to a floor of two percent (2%) and a ceiling of four percent (4%) per annum, or ten percent (10%) and twenty percent (20%) every five years. CPI Adjustment Rent is payable out of available distributable cash (after debt service and other operating expenses of the property are paid), but it accrues if not paid. CPI Adjustment Rent is paid prior to any return to Developer.

- **Participation Rent:** In addition to Minimum Rent and CPI Adjustment Rent, starting on the date net cash flow from the Property has been positive for six (6) months (the "Stabilization Date"), Developer will pay Participation Rent equal to 50% of the net income received by Developer after payment of Minimum Rent, CPI Adjustment Rent and Return on Developer's Equity. In certain limited circumstances, Developer may be required to put new equity into the Project to pay for unforeseen capital replacement items for which capital reserves are inadequate. Developer will try to finance such items, but if it is unable to do so, a return on and of such new capital will occur prior to Tenant's return on equity. Tenant's Equity is fixed as of the Stabilization Date to equal the Total Construction Costs minus the leasehold loans on stabilization minus the value of any tax credits (subject to the adjustment for Tax Credits described below). The amount of Tenant's Equity upon which Tenant receives a return can and only will be adjusted if and when the Port elects to participate in the proceeds of a sale or transfer of the lease, and Tenant's Equity can be in an amount no greater than 50% and no less

than 35% of Total Construction Costs. Participation Rent will be calculated and paid quarterly.

- **Historic Tax Credits Adjustment:** Final eligibility for historic tax credits cannot be conclusively certified until after the construction is completed. However, based on meetings with the State Historic Preservation Officer, the Port and Developer believe that the plans for the Ferry Building will comply with the Secretary of Interior's Standards for Rehabilitation. The Development Agreement requires that, as a condition for closing escrow, Developer is to have submitted Part 2 of the Historic Preservation Certification Application, and requires that Developer use its efforts to construct the project in conformance with the Secretary of Interior's Standards for Rehabilitation. While there is thus a high probability that historic tax credits will be received, their receipt is not guaranteed. The value of the tax credits received cannot be conclusively determined until the tax credit investor sells its interest in the entity which is formed to utilize those credits (approximately five years after construction begins). To determine Tenant's Equity, the parties will estimate that value at Stabilization. If the value of the tax credits was inaccurately estimated at Stabilization, Tenant's Equity will be recalculated as of the date the tax credit investment ends (approximately five (5) years after construction) and applied retroactively to the calculation of Participation Rent to ensure that Participation Rent was paid accurately after the return on Tenant's actual Equity.

- **Net Lease:** All rent under the Lease will be net to the Port, with Developer responsible at its cost and expense for managing, improving, operating, maintaining, and repairing the Premises, except to the extent costs are shared through the Participation Rent features and except for certain capital replacements in the last fifteen years of the Term.

- **Insurance/Damage and Destruction:** Developer will be required to carry Builder's Risk Insurance (during the initial construction), Property Insurance (including earthquake insurance if available at commercially reasonable rates), Commercial Liability Insurance (with limits of $10 million), Worker's Compensation Insurance, Boiler and Machinery Insurance, Business Automobile Insurance, and Business Interruption Insurance. In the event of damage or destruction, Developer will be responsible for restoring the Premises, and will be required to pay the Port proceeds of the business interruption insurance. Developer shall have the right to terminate the Lease, rather than restoring the Premises, only in the event of either a major destruction (exceeding 60% of the cost to restore) during the last five years of the Lease term, or in the event of an uninsured casualty (consisting of damage not covered by the insurance Developer is required to carry, or a casualty loss exceeding Developer's earthquake insurance plus deductible).

- **Security Deposit:** A one hundred thousand dollar ($100,000) security deposit is required.

- **Assignment:** In the event that the Port consents to an assignment, which consent is not to be unreasonably withheld, the assignor shall be responsible only for obligations prior to the assignment, with the assignee being responsible for obligations after the assignment and for

matters arising two years prior to the date of the assignment. The Port has an election to participate in the proceeds of such a transfer. If Port elects to participate, it will be paid 30% of all net sums received by Developer for the sale and/or assignment of the Lease and will relinquish its Participation Rent feature in exchange for the same 30% participation on all subsequent sales. If Port does not elect to participate, its Participation Rent remains at 50% of net income, but the return on Tenant's Equity (which is paid out of net income prior to the Port's Participation Rent) is artificially fixed at the amount existing on the Stabilization Date to protect the Port's Participation Rent. (The foregoing does not apply to an assignment in conjunction with the sale of historic tax credits.)

- **Refinancing:** If Developer refinances the Lease, the debt service amount shall change and the Port shall be paid 30% of all net refinancing proceeds.
- **Subletting:** Developer will be able to sublet the Premises but the Port may exercise approval rights through requests for nondisturbance agreements, to which the Port may refuse to consent on certain grounds. Reasonable grounds to deny consent to the nondisturbance requests include: (1) The use or sublease terms are inconsistent with the Lease; or (2) Port disapproves of the business terms of a sublease that is more than 10,000 square feet and more than ten years in length.
- **Indemnity:** Developer will indemnify the Port.
- **City Requirements:** Developer will comply with all City Requirements, including non-discrimination and equal benefits, and first source hiring.
- **Leasehold Mortgages:** Developer will be permitted to mortgage its leasehold interest (but not the fee) as needed up to a maximum loan of 65% of value.

C. Schedule of Performance

The Schedule of Performance for the Developer under the Development Agreement, which is subject to force majeure, is attached as LDDA Attachment 15.

D. Scope of Development

The Scope of Development for the Ferry Building project to be undertaken by the Developer under the LDDA is attached as LDDA Attachment 16.

E. Program in Diversity

The Developer has prepared a Program in Diversity, which will be reviewed and is very similar to that proposed at Pier 1 and approved by the City Attorney's Office and by the City Human Rights Commission's representative.

IV. FINANCIAL ANALYSIS

As previously discussed, under the Lease the Port stands to receive revenue from the project as follows:

Minimum Rent: Guaranteed $1.4 million annually

Annual Consumer Price Index ("CPI") Adjustment: Between 10% and 20% every five years, after operating expenses, reserves and debt service. Unpaid CPI adjustments accumulate.

Participation Rent: 50% of net cash flow, after 11% developer return on equity. Unpaid return on developer equity accumulates.

Participation in Refinance Proceeds: Port receives 30% of net proceeds from refinancing.

Participation in Transfer or Sale Proceeds: Port can elect to receive 30% of net proceeds from a transfer or sale, but thereafter relinquishes its 50% participation in net cash flow.

The scenario presented below is for a 20 year period, assuming 3% inflation, a refinance after 10 years, and a sale after 20 years.

Port Revenue	**Cumulative Port Revenue, Developer Projected Rents**
Minimum Rent	$28.0 million
CPI Adjustment Rent	$5.6 million
Participation Rent	$16.0 million
Refinancing Proceeds	$14.3 million
Sale Proceeds	$24.5 million
TOTAL	$88.4 million

This compares to the about $1.2 million in net income after operating expenses the Port generated from the Ferry Building during FY 1998-99. During the past five years, the Port has generated an average of $2.2 million in gross revenues from the Ferry building, but only $800,000 after deducting operating expenses.

When the Port vacates its offices in the Ferry Building to move to Pier 1, there would be an additional $750,000 in net income (after operating expenses) generated at the Ferry Building, for a total of $1.55 million per year. Escalated at 3% per year, this would generate a total of $41.4 million over 20 years.

The financial benefits of the project are clearly greater than the No Project alternative.

Other benefits to the Port include:

- Implementing the goals and objectives stated in the Port's *Waterfront Land Use Plan.*
- Seismically upgrading the Ferry Building, and protecting this historic maritime resource.
- Preserving the Ferry Building, a City Landmark which is listed on the National Register of Historic Places, consistent with the Secretary of Interior's Standards for Rehabilitation.
- Promoting public access to the Bay and its water transit services.
- Providing high quality commercial retail facilities and office space within a transit terminal adjoining the City's Financial District.

V. RECOMMENDATION

Port staff recommends approval of the LDDA and Lease between the Port and Ferry Building Investors, LLC, for the development of the Ferry Building in conformance with the terms described above, subject to Commission approval of the Schematic Drawings at a later date.

Prepared by Paul Osmundson
Director, Planning & Development Division

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-67

WHEREAS, in 1997 the San Francisco Port Commission ("Commission") adopted the Waterfront Land Use Plan, including the Design and Access Element ("Waterfront Plan") after an intensive seven year planning process that culminated in the Board of Supervisors and Planning Commission adopting conforming amendments to the City's General Plan and Planning Code; and

WHEREAS, the Waterfront Plan includes the Ferry Building within the Ferry Building Area and summarizes objectives for that Area as follows:

"A central objective for this area is the preservation and restoration of historic structures, particularly the Ferry Building and former U.S. Agricultural Building which are listed on the National Register of Historic Places." The area objectives promote waterborne commute and recreational travel and enjoyment, and the restoration of the area as a major intermodal transit center for the City. To complement existing and new ferry, excursion boat, water taxi, historic ship and recreational boat moorings, other commercial and public uses are permitted.... Together, these uses should emphasize the civic importance of the area, draw people into the Ferry Building, and establish the area as a destination in its own right. The ...Plan emphasizes the importance of ensuring that the Ferry Building and environs are physically and visually integrated with their spectacular City and Bay settings, thus re-establishing the area as a gateway to the City. This includes extending the Port Walk through the area to provide more convenient, direct and aesthetically pleasing public access connections to open space and the Bay. The high cost of renovating the Ferry Building and other historic structures in the area will require the Port to pursue a mix of public and private resources in order to achieve an appropriate quality and mix of uses. Fortunately, because of its central downtown location, the Ferry Building Waterfront offers perhaps the best opportunity for a successful public and private partnership to provide new public amenities, jobs and other benefits to the Port, the City and the region." (Waterfront Plan, Executive Summary at p.10.); and

WHEREAS, the Waterfront Plan in the introduction to the Ferry Building Waterfront states:

"The focal point of this area is the historic Ferry Building. With the removal of the Embarcadero Freeway, the Ferry Building and its environs are re-emerging as a site of proud civic importance to the City. Restoring the Ferry Building to its historic role as a bustling transportation hub and elegant centerpiece of the waterfront is one of the highest priorities of the Plan. Downtown workers, neighbors and visitors will flock to the area's new ferries, hovercraft and excursion

boats, public market, conference facilities, retail establishments and other public-oriented activities. The Port is already laying the groundwork for this transformation, including seismic upgrades, design studies, funding initiatives and environmental review for the Ferry Building project. On the waterside, construction of the Downtown Ferry Terminal project will provide new berths for expanding regional ferry service." (Waterfront Plan, The Ferry Building Waterfront, p. 116); and

WHEREAS, the Waterfront Plan for the Ferry Building Mixed Use Opportunity Area includes the following Development Standards:

"Restore the exterior Embarcadero façade of the Ferry Building, using building materials that maintain and/or restore the historic character and architectural integrity of the structure.

"Restore the historic grand, sky lighted gallery on the second level as the principal public space, to the extent possible.

"Encourage exhibition space in the building for historic or civic displays, such as the California Relief Map, or exhibits about Port history, the Ferry Building or San Francisco.

"If possible, uses in the building, including offices, should relate to a unique thematic concept such as maritime activities, world trade and diplomacy, transportation and travel, or San Francisco and California cultural, business or artistic activities, or some combination thereof.

"Incorporate accessory retail uses to meet the needs of downtown workers, ferry riders and visitors, such as ticket offices, cash machines, travel offices, other personal services, and recreational equipment vendors.

"Allow theme retail and festival uses such as public and fish markets, as well as restaurants and other eating and drinking establishments that both attract and benefit from visitors to the waterfront.

"Create a central, public foyer in the building which provides dramatic views and connections to the Bay and the ferries.

"Give preference to public uses on the first floor.

"Make activities available at different price levels to encourage full use and enjoyment by all segments of the public.

"Provide protection from inclement weather for ferry riders.

"Provide a water taxi stop where feasible.

"Avoid conventional shopping center or tourist-oriented retail uses.

"Consider moving the Port's offices to make room for revenue-generating uses on the upper floors of the Ferry Building, if this helps support the costs of renovation.

"Consider adding a fourth floor to the Bay side of the Ferry Building, consistent with earlier historic design guidelines, if necessary to increase revenues to support the expense of historic renovation.

"Determine the feasibility of opening the tower for paid public tours.

"Encourage public donations to help finance components of the Ferry Building renovation." (Waterfront Plan, The Ferry Building Waterfront, pp. 127-28); and

WHEREAS, the Waterfront Plan's Design & Access element has the following criteria:

"Preserve, rehabilitate and adaptively reuse the Ferry Building ... consistent with the Secretary of the Interior's Standards for Rehabilitation.

"Improve connections to the Bay by providing ground-floor pedestrian access through the Ferry Building." (Waterfront Plan, Design & Access Element, Ferry Building Area Design Criteria, p. 85); and

WHEREAS, Port Commission approval of the Ferry Building Lease Disposition and Development Agreement ("LDDA") and Ground Lease ("Lease") is in furtherance of an overall program of harbor development for the Ferry Building Area that to date has included numerous actions consistent with the Waterfront Plan policies and objectives for the Ferry Building area, all as outlined in the attached exhibit entitled "Ferry Building Area Plan Implementation"; and

WHEREAS, the Commission has complete authority to do all things it deems necessary in connection with the use, conduct, operation, management, maintenance, regulation, improvement and control of the harbor of San Francisco which are not prohibited by State law or the City Charter and which are in conformance with the Burton Act, including reconstruction and repair of public or commercial buildings, preservation or restoration of marine resources, and the lease of said facilities for limited periods not exceeding 66 years for purposes consistent with the trusts upon which the lands are held by the State and with the requirements of commerce and navigation, all as provided in Section 3 of the Burton Act; and

WHEREAS, the Commission, by its approval of the Ferry Building LDDA and the Lease, is acting within the scope of the authority granted by Section 3 of the Burton Act because the LDDA and the Lease are necessary to accomplish the preservation of a maritime resource through the reconstruction and repair of the historically significant Ferry Building in furtherance of the policies and objectives of the Waterfront Land Use Plan, which is a purpose consistent with the trusts upon which the lands are held by the State and with the requirements of

commerce and navigation, as well as with the Burton Act, and is not prohibited by State law or the City Charter; and

WHEREAS, the Waterfront Plan identified historic preservation as the "central objective" for the Ferry Building area because the Port's most significant historic resources are concentrated there, and preservation will ensure an aesthetic character that will promote maximum public use of the multi-million dollar, publicly funded, Downtown Ferry Terminal, waterfront transportation and public access and open space improvements; and

WHEREAS, in 1892 the electorate of California authorized construction of the Union Ferry Depot, known now as the Ferry Building, with a bond issue, with the new structure to function both as a ferryboat terminal and a State office building and intended to replace the old Central Terminal Building built in 1877; and

WHEREAS, the Ferry Building opened in July 1898 when ferry service officially began from the new ferry slips, and State offices were completed in 1903; and

WHEREAS, the Ferry Building has long served San Francisco as a welcoming beacon to all who have entered and left the City, and as a venerable symbol of San Francisco itself, standing as a vital reference point for all who have traveled through, and reside in, the Bay Area; and

WHEREAS, the importance of the Ferry Building, notable for its significant contribution to turn-of-the-century architectural and engineering history and its importance in the development of San Francisco as a major early 20th century western transportation and mail terminus, is reflected in its listing (as the "Union Ferry Depot") on the National Register of Historic Places, its designation as an Historic Civil Engineering Landmark by the National Society of Civil Engineers, and its designation as a San Francisco City Landmark; and

WHEREAS, these designations recognized the Ferry Building's design by a prominent San Francisco architect, A. Page Brown, who died shortly after contracts for its construction were let, and its completion by architect Edward R. Swain assisted by Port Chief Engineer H. C. Holmes; its prominent 235-foot tower; its neo-classic Beaux Arts style; its reinforced concrete foundation, an innovative technique at the time of construction, within a steel frame building; and its use by 50 million San Francisco Bay commuters per day, surpassed only by London's Charing Cross Station as the busiest passenger terminal in the world; and

WHEREAS, the LDDA and the Lease present a rare opportunity to preserve an example of the maritime transportation terminal architecture of that era with its integrity of location, design, setting, materials, workmanship, and the presence of many of the original architectural features and details, including:

(1) its neo-classic Beaux Arts style, with an arcaded front dramatically responding to the waterfront for 660 feet;

(2) the punctuation of the enormous stretch of the building by a square clock tower rising 235 feet to a prominent position, visible for the length of Market Street—the City's commercial and transit axis—and modeled after the 12th Century Giralda Tower of the Cathedral of Seville, with its four 22-foot diameter clock faces illuminated at night along with lunettes in the tower dome to act as beacons;

(3) a steel frame design including steel columns, girders, beams and diagonal rods supporting brick walls and Colusa Sandstone facing, the walls for each story being self supporting;

(4) a central entrance pavilion with arches and a giant order, using an extended triumphal arch motif of three central arches with secondary end bays containing smaller arched entrances, articulated by a giant Corinthian Order supporting a full entablature, with the whole ensemble acting as a monumental memorial arch forming the door to the City; and

(5) a grand staircase covered by marble rising into a 42-foot high second level Nave Bay promenade originally running the full length of the building, of which remain portions of the marble wainscoting, tan brick arches, marble mosaic flooring, structural steel trusses, clerestory windows and skylit roof;

(6) a large welcoming sign originally erected in 1915, which identifies the "Port of San Francisco" in bold white eight-foot letters in the daylight and brilliant red neon at night, visible around the clock from the Bay, Yerba Buena and Treasure Islands, and the Bay Bridge;

all of which will now provide the elements for the historical rehabilitation of the Ferry Building and the ferry terminal improvements being developed bayward of the Ferry Building; and

WHEREAS, although preservation of the Ferry Building to the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings ("Secretary of the Interior's Standards") adds substantially to the rehabilitation cost, such preservation is called for in the Waterfront Land Use Plan and its Design & Access element, and is supported by the San Francisco General Plan, which in its Urban Design Element calls for preserving notable landmarks of historical, architectural or aesthetic value, and in its Northeastern Waterfront Area Plan calls for restoring and adaptively reusing the Ferry Building (consistent with the Secretary of the Interior's Standards), and the Commission concludes that such preservation is the highest and best use of the transferred lands consistent with the trust under which the lands are held; and

WHEREAS, Ferry Building preservation provides multiple benefits by preserving this historic transportation terminal and State office building, enhancing ferry ridership, and attracting the public to the waterfront, during a period in which long term ferry transit demand has been studied by a State-funded, Blue Ribbon Water Transit Task Force

which has recommended major increases in ferry transit service to meet increased long term demand as part of a new Bay Area Water Transit Initiative, endorsed by the Port Commission on July 27, 1999; and

WHEREAS, time is of the essence if efforts to rehabilitate the Ferry Building consistent with historic preservation standards are to be accomplished with the least cost burden to public trust resources because any major rehabilitation of the facility has been deferred for many years and current real estate market conditions are very favorable; and

WHEREAS, if the Port is unable to attract private investment to rehabilitate the Ferry Building, with sufficient economic potential to make its historic rehabilitation feasible, the facility would not be restored to its historic role as a major maritime transportation hub and center of activity along the waterfront; and

WHEREAS, the Waterfront Plan recognized that the Ferry Building area was uniquely appropriate to attract private capital to invest in historic preservation of maritime facilities due to the proximity to the San Francisco Financial District and the large public investment in nearby transportation and open space amenities; and

WHEREAS, the Commission concluded that mixed use occupancy of the Ferry Building, with upper level offices and a Commission meeting room above ground level, food-oriented retail, would best support the trust objectives of preserving and rehabilitating the Ferry Building and improving public access and use because it is the highest economic use consistent with the architectural limitations of this maritime and State office facility which no longer requires the second floor ferry passenger facilities which it originally contained; and

WHEREAS, ground level food-oriented commercial retail and dining establishments promotes the Port's overall program of improvements for the Ferry Building area, integrating the facility with its spectacular City and Bay settings and re-establishing the area as a gateway to the City, by providing an attractive venue within which workers, residents and visitors to the City may find the highest quality fresh and prepared food products of this abundant region, to enjoy both on and away from the premises; and

WHEREAS, upper level office use at the Ferry Building promotes the Port's overall program of improvements for the Ferry Building area by providing a place for Port Commission meetings, thus continuing the public visibility and civic character of the area, and creating new first class office space for other office tenants, thereby promoting ferry transit by increasing commuter demand, and supporting a mix of publicly oriented ground level food establishments with office workers who will support businesses during weekdays and enable those uses to not have to rely on visitor or weekend recreational users; and

WHEREAS, the level of office use proposed is essential to the program for the rehabilitation of the Ferry Building, but will nonetheless result in a

reduction of 80,000 square feet from the existing level of office space within the Ferry Building; and

WHEREAS, the Commission must conserve Port revenue to subsidize those maritime uses and public improvements for which private investment is not economic and therefore, the Port can not directly fund all necessary capital improvements to repair historic Port facilities such as the Ferry Building (with an estimated project cost of $70 million); and

WHEREAS, on May 15, 1998, the Port issued a Request for Qualifications and Proposals to Rehabilitate and Lease the Ferry Building ("RFQ/P"), in order to assess the availability of private investment to achieve its objectives; and

WHEREAS, the RFQ/P identified the following major goals: (1) be a signature project which achieves a high level of public use and support; (2) strengthen the Port's long-term financial position; and (3) enhance the Port's ability to undertake other projects; and

WHEREAS, the RFQ/P set forth as primary objectives the high quality rehabilitation of the Ferry Building as financially successful, premium space that captures and enhances the historic qualities of the Ferry Building, while providing both a focal point on the waterfront and an integrating link with Downtown, and stated that the Port envisioned a development program with active, public-oriented ground story retail and other public uses providing a premier meeting place for the City, complemented by upper story office and other commercial or institutional uses; and

WHEREAS, the Port received qualifications responses from four major developers ("Respondents") whose qualifications were reviewed and analyzed by Port staff and a selection panel of experts, and the staff recommended and the Port Commission under Resolution No. 98-70 (July 28, 1998) determined that all four Respondents met the qualifications requirements and invited the four Respondents to submit proposals for rehabilitation and lease of the Ferry Building; and

WHEREAS, the Port received proposal responses from all four Respondents, whose proposals were reviewed and analyzed by Port staff, a selection panel of experts, and independent financial consultants; and

WHEREAS, the Port Commission reviewed and evaluated the Respondents, reviewed their responses, including the requested additional information, their interviews with Port staff, the analyses of economic, design and planning and land use parameters prepared by Port staff and by the Port's independent real estate economics consultants, and reviewed the Port staff recommendation, and determined that William Wilson and Associates best met the qualification requirements for rehabilitation and lease of the Ferry Building; and

WHEREAS, the Port Commission on November 17, 1998 under Resolution No. 98-114 awarded William Wilson and Associates the opportunity to enter into an Exclusive Right to Negotiate agreement; and

WHEREAS, William Wilson and Associates has merged with Cornerstone Properties, a national real estate investment trust, and is now known as Wilson Cornerstone; and

WHEREAS, Port staff and Wilson Cornerstone staff and consultants have worked diligently for the past eight months to develop information, resolve potential problems, negotiate financial terms and risk allocation while adhering to the project's major goals, primary objectives and criteria for evaluation, as set forth above, at minimal cost and risk to public trust resources; and

WHEREAS, the Port and Wilson Cornerstone are committed to a project that would meet the Secretary of the Interior's Standards and, therefore, be eligible for historic preservation tax credits, consistent with the Waterfront Plan and San Francisco General Plan policies intended to preserve the strong architectural and historic character of this notable landmark building and the Ferry Building area; and

WHEREAS, the abundant public open spaces and open water areas surrounding the building provide 360 degree opportunities for observing the historic maritime architectural features, the most prominent of which are the clock tower, the restored cityside and end elevations, and the cityside arcades; and

WHEREAS, the Ferry Building's preservation through adaptive reuse as proposed provides substantial interior public spaces on the first and second levels, totaling about 58,000 square feet, which offer the public both physical and visual access to the most significant historical elements within the building, concentrated within the original Nave Bay promenade; and

WHEREAS, the public uses on the ground floor and the landmark qualities of the Ferry Building will attract large numbers of people to the shoreline to enjoy the Bay; and

WHEREAS, the preservation of the Ferry Building also furthers the important trust purpose of enhancing public access to and enjoyment of tidelands by providing north-south and east-west passages which connect to significant public access areas in the Ferry Building Area added by the Mid-Embarcadero Roadway Project and about to be added by the Downtown Ferry Terminal Project; and

WHEREAS, Wilson Cornerstone has created a development entity known as Ferry Building Investors, LLC, a California limited liability company, which company is the developer for the Ferry Building project; and

WHEREAS, the LDDA and the Lease with Ferry Building Investors, LLC, will promote maritime commerce by creating inviting new ground level food-oriented commercial retail and dining establishments which will attract workers, residents and visitors to the City to the waterfront and San Francisco Bay with its recreational and water transit opportunities; and

WHEREAS, the LDDA and the Lease also serve the important objective of accommodating the historic renovation of the Ferry Building, a landmark second only to San Francisco City Hall in civic importance and the senior of these two landmark buildings; and

WHEREAS, the Lease provides for full-service and casual restaurants and bars, specialty food or market uses, specialty retail uses, entertainment open to the public, services provided to ferry passengers, transportation terminal uses, general office use and a Port Commission hearing room above the ground floor, public access and ingress and egress, parking and loading for customers and users, and associated storage of maintenance equipment and supplies; and

WHEREAS, any change in the type of permitted uses requires the prior consent of the Port, which may be withheld if the Port Commission determines that such changes would be inconsistent with the Port's responsibilities as trustee of the transferred lands; and

WHEREAS, for reasons set forth herein the Commission finds that the LDDA and the Lease are necessary to accomplish the preservation, reconstruction and repair of the historically significant Ferry Building in furtherance of the policies and objectives of the Waterfront Plan, which is a purpose consistent with the trusts upon which the lands are held by the State and with the requirements of commerce and navigation; and

WHEREAS, in so finding the Commission is acting consistent with the public trust doctrine as established in California case law and attorney general decisions; and

WHEREAS, the California Supreme Court has upheld the lease of trust lands to private interests to achieve trust purposes; and

WHEREAS, Section 3 of the Burton Act authorizes the Port Commission to enter into 66 year leases provided that the revenues from such leases shall be used for purposes consistent with the trust; and

WHEREAS, the Lease is for a term of 66 years, and revenue from the Lease will be used for such purposes as may be established through the Port and City budget and fiscal process intended to ensure that Harbor Fund revenues are expended for trust purposes as required under the Burton Act; and

WHEREAS, the Lease is not prohibited by State law and, in fact, the agency which administers the McAteer-Petris Act, the San Francisco Bay Conservation and Development Commission ("BCDC"), has specifically recognized the importance of historic preservation as a public trust purpose in Section 10704 of the BCDC Regulations which permits Bay fill for the protection of historic structures eligible for the National Register, such as the Ferry Building (Cal. Admin. Code, Title. 14, § 10704.); and

WHEREAS, for the reasons set forth herein the Commission finds that the LDDA and the Lease are in conformance with the Burton Act and are not prohibited by State law; and

WHEREAS, the LDDA and the Lease conform to all local laws and regulations and are not prohibited by the Charter; and

WHEREAS, Section 5 of the Burton Act provides that the Commission has authority to use revenues accruing from the use of the transferred lands for the purpose of reconstruction or repair of bulkheads and piers necessary for the development of the transferred lands for highest and best use in the public interest, provided that such purpose complies with the terms of the trust which are matters of statewide as distinguished from local or purely private interest and benefit; and to promote maximum public use of the transferred lands and encourage private investment in development of such transferred lands for the highest and best use in the public interest; and

WHEREAS, the Commission, by its approval of the LDDA and the Lease, acts within the scope of authority granted by Section 5 of the Burton Act, because Port revenues derived from the transferred lands are being used:

(1) to preserve, reconstruct and repair the Ferry Building which (a) promotes statewide, as distinguished from local or purely private, interest and benefit by preserving and restoring an historically and architecturally significant maritime trust asset as part of an integrated and highly beneficial program of development of the Ferry Building Harbor Area intended to promote statewide interests by encouraging waterborne transit, improving navigation in the Harbor and enhancing public use and enjoyment by preserving the historic maritime aesthetic qualities of the Ferry Building Area properties, and (b) is necessary for the development of the Ferry Building for the highest and best use in the public interest ---which is a unique mix of public trust uses described herein; and,

(2) to promote maximum public use of the transferred lands in the Ferry Building Area by: (a) achieving the preservation of the historic Ferry Building and its restoration as the gateway to the City for waterborne passengers; (b) assuring historic preservation of the Ferry Building, enhancing the public's enjoyment of the historic maritime aesthetic of the Ferry Building Harbor Area; (c) creating additional public access through the interior of this historic building, thereby achieving the Port's design plan for public access to the Ferry Building harbor and attracting the public to enjoy the views of the harbor and to learn about and appreciate the historic maritime functions; and (4) providing ground floor uses drawing members of the public to enjoy the shoreline, including the new perimeter public access being provided along the north wing of the building by the Downtown Ferry Terminal Project; and

(3) to encourage private investment in development of such transferred lands for the highest and best use in the public interest by soliciting, through a competitive process, the participation of Ferry Building Investors, LLC, to fund the about $70 million investment

required to reconstruct and repair the historic maritime facility for a unique mix of trust purposes; and

WHEREAS, the LDDA and the Lease are consistent with the Waterfront Land Use Plan and San Francisco General Plan policies and further Port objectives as set forth below; and

WHEREAS, the Ferry Building Project, with its ground level public-oriented uses and upper level offices and Port Commission room, is consistent with the Waterfront Plan's designation of acceptable land uses for the Ferry Building, including commercial uses such as assembly and entertainment, general offices, retail and recreation uses, visitor services, and public access; and

WHEREAS, Waterfront Plan policies that emphasize the civic importance of the area and encourage waterfront activities that serve San Franciscans and visitors alike are supported by the Ferry Building Project's ground level public-oriented commercial retail uses; and

WHEREAS, the Ferry Building Project's ground level passages implement the Waterfront Plan objective of improving public connections to the Bay; and

WHEREAS, the Waterfront Plan calls for pursuing a mix of public and private resources to achieve an appropriate quality and mix of uses, which the Port is accomplishing at the Ferry Building by its LDDA and Lease with Ferry Building Investors, LLC, to provide for the rehabilitation and long term maintenance of this historic maritime resource with its associated public access areas; and

WHEREAS, the ground level food-oriented commercial retail and restaurant and bar uses, and the office employment provided in the upper floors, will enhance, complement and benefit the transportation-related functions planned for the Ferry Building consistent with the Waterfront Plan; and

WHEREAS, the Ferry Building project has been designed to support the Waterfront Plan Design & Access policies by preserving and adaptively reusing the Ferry Building, meeting the Secretary of the Interior's Standards, and providing passages to the public access areas surrounding the building and to the Bay; and

WHEREAS, the Ferry Building project is consistent with the San Francisco General Plan's Northeastern Waterfront Plan ("Northeastern Waterfront Plan") objectives and policies designed to contribute to the waterfront's environmental quality, enhance the economic vitality of the Port and the City, preserve the unique maritime character, and provide for the maximum feasible visual and physical access to and along the Bay because the project rehabilitates the Ferry Building and supports adjoining water transit services; and

WHEREAS, the Ferry Building project is consistent with the Northeastern Waterfront Plan's Urban Design policies calling for retention of older

buildings of architectural merit or historical significance to preserve the architectural and historical character of the waterfront and ensure the compatibility of new development, and, more specifically calling for retention of the Ferry Building which policies are met by this project's adaptively reusing this historic structure consistent with the Secretary's Standards; and

WHEREAS, the Northeastern Waterfront Plan calls for establishing a joint interagency design review process; and

WHEREAS, San Francisco Planning Code ("Planning Code") Sec. 240 creates three Waterfront Special Use Districts ("WSUD") and establishes a Waterfront Design Review Process with a Design Advisory Committee to review the urban design of new development on certain land within the Port Commission's jurisdiction consistent with applicable provisions of the Waterfront Plan, with the purpose of identifying and integrating the State, regional and local objectives pertaining to the urban design of proposed uses in order to optimize the public enjoyment and beneficial use of the waterfront public trust resource; and

WHEREAS, the City and Port have established a Design Advisory Committee including representatives of the Mayor's Office, Planning Department and Port; and

WHEREAS, the Design Advisory Committee initiated its review of the proposed Ferry Building project on July 20, 1999 and, while reserving its option for further review of more detailed design elements, has been supportive of the design concepts developed thus far; and

WHEREAS, the San Francisco Zoning Map places the Ferry Building within a C-2 (Community Business) Use District, WSUD No. 1 and 84-X-1 Height and Bulk District as set forth in San Francisco Planning Code ("Planning Code") Article 2, Use Districts, and Article 2.5, Height and Bulk Districts, and the proposed Ferry Building uses and its height and bulk are consistent with applicable Planning Code provisions for the Use District, WSUD No. 1 and Height and Bulk District; and

WHEREAS, Planning Code Sec. 161(f) provides for a reduction in off-street parking requirements in WSUD Nos. 1 and 3, in recognition of the policies set forth in the Northeastern Waterfront Plan, the unique nature of the area and the difficulty of providing vehicle access thereto, subject to specified criteria, and, while the Port has not made any such request for the Ferry Building at this time, the San Francisco Planning Department by letter of February 16, 1999, has previously granted the adjacent Pier 1 project an exemption from all Planning Code off-street parking requirements; and

WHEREAS, BCDC has adopted the San Francisco Bay Plan ("Bay Plan"), the San Francisco Waterfront Special Area Plan ("Special Area Plan") and the San Francisco Waterfront—Piers 7 Through 324—Total Design Plan ("Total Design Plan") and carries out its responsibilities in accordance with the McAteer-Petris Act (California Government Code Sec. 66000

et seq.) and the California Code of Regulations, Title 14, Natural Resources, Division 5, San Francisco Bay Conservation and Development Commission ("BCDC Regulations"); and

WHEREAS, the Special Area Plan calls for retaining older buildings of architectural merit or historic significance, in order to preserve the historical continuity of the waterfront, and the Ferry Building project meets this standard by proposing to rehabilitate the buildings consistent with the Secretary's Standards; and

WHEREAS, the Special Area Plan states that "The Ferry Building, with its landmark clock tower, is the focal point of the northern waterfront, and also provides considerable office space for the Port of San Francisco and numerous other tenants" (Special Area Plan on p. 21); and;

WHEREAS, the Total Design Plan's Site Specific Guidelines and Development Program for the Ferry Building call for restoring and reusing the Ferry Building and developing open spaces adjacent to the Ferry Building in general accord with the "Design Guidelines for the Restoration and Adaptive Reuse of the Ferry Building," dated July 1978, which the Ferry Building Schematic Design is expected to meet upon its completion when it is brought before BCDC in the permit application; and

WHEREAS, the Total Design Plan's Site Specific Guidelines and Development Program for the Ferry Building call for reusing the Ferry Building with predominantly commercial recreation (shops and restaurants) on the ground floor, predominantly offices on the second floor, and predominantly offices and the existing restaurant on the third floor, which are met by the Ferry Building project's providing the proposed ground level commercial recreation uses and upper level general offices and a Port Commission meeting room; and

WHEREAS, the Commission hereby adopts the following findings with respect to the Final Negative Declaration for the Ferry Building Project, case file no. 94.684E, ("the Project"):

1. The San Francisco Planning Department ("Department"), fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et. seq., "CEQA"), the State CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 et. seq., "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"), and

2. Pursuant to CEQA § 21094 and CEQA Guideline § 15162, the Project Negative Declaration is tiered from the Waterfront Land Use Plan Environmental Impact Report ("Waterfront Land Use Plan EIR") certified by the San Francisco Planning Commission on January 9, 1997, and

3. In accordance with CEQA § 21166, the Project is consistent with the Waterfront Land Use Plan, is consistent with the San Francisco General Plan and Planning Code requirements, and as relevant with respect to this project (1) no substantial changes are proposed

which would require major revisions to the Waterfront Land Use Plan EIR; (2) no substantial changes have occurred with respect to the circumstances under which the Project is being undertaken which would require major revisions in the Waterfront Land Use Plan EIR; and (3) no new information of substantial importance, which was not known or could not have been known at the time the Waterfront Land Use Plan EIR was certified, has become available, and

4. Based on the Initial Study, the Department determined that there was no substantial evidence that the Project could have a significant effect on the environment, and

5. On August 8, 1998, the Department issued a Preliminary Negative Declaration, and in accordance with CEQA, the CEQA Guidelines, and Chapter 31, the Department posted the document in the Department offices, and mailed a copy of the document to the project sponsor. The Department provided notice of the preparation of a the Preliminary Negative Declaration in a newspaper of general circulation and this notice was mailed to the Department's list of persons requesting such notice, and

6. In accordance with CEQA § 21091(b) and CEQA Guidelines § 15073, the Preliminary Negative Declaration was available for a 30-day public review period, and

7. One comment letter was received in response to the Preliminary Negative Declaration from the San Francisco Municipal Railway. The Department responded in writing to the letter and comments from the letter were integrated into the Final Negative Declaration, and

8. No appeal of the Preliminary Declaration was filed with the Department, and

9. The Department prepared the Final Negative Declaration, which was adopted and issued on October 1, 1998, and

10. Since publication of the Final Negative Declaration, the Ferry Building Project has been further refined, resulting in an overall reduction in square footage, including reductions in office, retail, restaurant/club and entertainment space from the retail and office scenarios analyzed in the Final Negative Declaration. The Department after reviewing the revised project has concluded, in its Memorandum to File No. 94.684E, Ferry Building Project, dated August 19, 1999, that the analyses conducted and the conclusions reached in the Final Negative Declaration adopted and issued on October 1, 1998 remain valid and that no supplemental environmental review is required, and

11. The project as modified is within the scope of the Final Negative Declaration, an addendum to the Final Negative Declaration is not required and, pursuant to CEQA Guidelines Sec. 15162, (1) no substantial changes are proposed which would require major

revisions to the Final Negative Declaration; (2) no substantial changes have occurred with respect to the circumstances under which the Ferry Building Project is being undertaken which would require major revisions in the Final Negative Declaration; and (3) no new information of substantial importance, which was not known or could not have been known at the time the Final Negative Declaration was adopted, has become available, and

12. Since the Final Negative Declaration assumed that rehabilitation of the Ferry Building would comply with the Secretary of the Interior's Standards, and since the LDDA requires that the project qualify as a certified tax credit project meeting the Secretary of the Interior's Standards, the project as refined will not result in any new significant impacts to cultural (historic and architectural) resources; and

WHEREAS, Port staff and Wilson Cornerstone staff have negotiated the terms of the LDDA and the Lease for the development of the Ferry Building as a historic rehabilitation project with ground level commercial retail and recreation and upper level offices, the business terms of which are set forth in the memorandum for Agenda Item 8A for the Port Commission meeting of August 24, 1999; and

WHEREAS, a copy of the proposed LDDA and its exhibits, including the Lease and the Final Negative Declaration, is on file with the Commission Secretary; and now, therefore, be it

RESOLVED, the Commission has reviewed and considered the Final Negative Declaration and finds that it reflects the independent judgment and analysis of the Department and the Commission, is adequate, accurate, and objective, and that there is no substantial evidence that the Project will have a significant effect on the environment, and hereby adopts the Final Negative Declaration; and be it further

RESOLVED, the Commission hereby adopts the mitigation measures and the mitigation monitoring program prepared for the Project, and attached hereto as an Exhibit; and be it further

RESOLVED, that the Port Commission approves the form and substance of the LDDA and the Lease and the transactions which the LDDA and the Lease contemplate, incorporating the business terms set forth in the Memorandum for Agenda Item 8-A for the Port Commission meeting on August 24, 1999; and be it further

RESOLVED, that the Port Commission authorizes and directs the Executive Director of the Port (the "Executive Director") to execute the LDDA and the Lease in substantially the form of such agreements on file with the Commission Secretary, and in such final form as is approved by the Executive Director in consultation with the City Attorney; and be it further

RESOLVED, that the Executive Director shall determine satisfaction of the conditions precedent under the LDDA to the conveyance of the leasehold estate in the Ferry Building site, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Lease; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the LDDA and the Lease (including, without limitation, preparation and attachment of, or changes to, any or all of the exhibits including the Port sublease of the Commission room) that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the City, do not increase the rent or otherwise do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transactions which the LDDA and the Lease contemplate and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the LDDA and the Lease and any such amendments thereto; and be it further

RESOLVED, that the Port Commission authorizes and urges the Executive Director and any other appropriate officers, agents or employees of the City to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing documents and other instruments or documents) as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the transactions under the LDDA, in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents; and be it further

RESOLVED, that the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the LDDA and the Lease.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 24, 1999.

Secretary

Exhibit 1 to Resolution No. 99-67

August 18, 1999

FERRY BUILDING AREA PLAN IMPLEMENTATION

The San Francisco Port Commission has undertaken the following actions in furtherance of an overall program of harbor development for the Ferry Building Area consistent with Waterfront Plan policies and objectives:

To *"[p]reserve and restore historic structures on the Ferry Building Waterfront, both to recall the area's historic use and to accommodate new uses"* the Commission has (1) expended over $1 million on predevelopment analysis for the historic preservation of the Ferry Building; (2) entered into negotiations with a competitively selected development team for the Ferry Building renovation consistent with Secretary of the Interior's Standards for Rehabilitation; (3) competitively selected a developer, AMB Property Corporation, for the historic preservation and adaptive reuse of Pier 1; (4) obtained approval for listing the Pier 1 bulkhead building and piershed on the National Register of Historic Places; (4) received Pier 1 certification, or approval, for conformance with the Secretary of the Interior's Standards for Rehabilitation and for Federal Historic Preservation Tax Incentives (20% rehabilitation tax credit); and (5) authorized conveyance of the Pier 1 site to the developer, who has commenced construction.

To "*[p]rovide maritime facilities for ferry and excursion boats, recreational boats, historic ships, and ceremonial berthing*" the Commission has (1) committed $17 million to fund Phase I of the Downtown Ferry Terminal Project, which adds two ferry berths, provides seismically secure access to those two and four other existing berths, and with Phase II, to be implemented as demand warrants, will add another four ferry berths; (2) endorsed the Bay Area Water Transit Initiative; (3) entered into a lease through 2012 with Hornblower Dining Yachts at Pier 3 to improve excursion boat opportunities in the Ferry Building area; (4) amended its related lease with Hornblower for the Santa Rosa, also through 2012, to assure the continued presence of the historic ferry boat Santa Rosa at Pier 3; and (5) has reserved to the Port the ability to control berthing of vessels for emergency, ceremonial and other purposes; and

To "*[p]rovide a mix of uses that emphasizes the civic importance of the area, generates waterfront activity and serves San Franciscans and visitors alike*" the Commission has: (1) dedicated land and entered into agreements with the City for the construction of the Mid-Embarcadero Improvements, the most important of which are a world-class public plaza on the land side of the Ferry Building and the extension of the Municipal Railway's F Line to improve public access by providing an inviting and efficient light rail link along the waterfront in historic American and European streetcars; (2) selected a development team for the Ferry Building in order to establish a mix of public, retail, and commercial activities on the ground floor which will attract the public to use waterborne transportation at the Downtown Ferry Terminal and to enjoy the San Francisco waterfront, with commercial office uses in the upper floors to support the overall program; and (3) promoted waterborne transit and recreation through its commitments to ferry service, excursion and historic boats in the area; and

To *"[e]xtend the Port Walk through the area, providing more convenient, direct and aesthetically pleasing public access connections to open space areas and the Bay*" the Commission has: (1) obtained a BCDC permit for Phase I of the Downtown Ferry Terminal Project which allows for a new public passageway

through the Ferry Building from The Embarcadero, and creates continuous perimeter public access around the Ferry Building linking all ferry berths for a total of 36,000 square feet of new public access linking the Embarcadero Promenade (Herb Caen Way) and the Bay, (2) completed State and Federal environmental and historic preservation reviews for Phase II of the Ferry Terminal which will add another 34,000 square feet of new public access linking Herb Caen Way and the Bay, and (3) obtained a BCDC permit for Pier 1 which creates continuous pier perimeter public access and two segments of a "Bayside History Walk" within the building, for a total of 44,000 square feet of new public access linking the Embarcadero Promenade (Herb Caen Way) and the Bay, ensuring significant new public access consistent with the Port's Waterfront Plan; and

To *"[r]estore the Ferry Building Waterfront as a major transit center by improving transit access and transfers among water and land transportation modes"* the Commission has: (1) dedicated public access and undertaken the Downtown Ferry Terminal improvements described above, (2) promoted intermodal transit connections by incorporating Amtrak's San Francisco station into the Ferry Building, (3) assisted the Golden Gate Bridge, Highway and Transportation District and the City of Vallejo in providing landside bus service in association with their ferry operations, and (4) has worked with the City and County of San Francisco ("City") to provide the historic streetcar "F-Line" in the median of The Embarcadero, the adjoining bicycle lanes, the generous Herb Caen Way pedestrian promenade, and the trackage connection between the F-Line and the MUNI Metro extension on The Embarcadero; and

To "*[p]rovide efficiently planned parking and loading facilities to serve new activities in the area*", the Commission has: (1) included parking, loading and passenger pick-up/drop-off bays on The Embarcadero, (2) requested subsurface rights from the City for an underground parking garage adjoining Justin Herman Plaza in Assessor's Block 202, (3) incorporated continuation of existing parking in its planning for future uses at Seawall Lot 351 at Washington Street and The Embarcadero, and (4) requested use of City-controlled parking spaces at the nearby One Maritime Plaza Garage; and

To *"[p]hysically and visually integrate the Ferry Building and environs with their spectacular City and Bay settings*", the Commission has approved a Mid-Embarcadero design that creates strong connection with the adjoining Financial District and improved public access from Market Street to the Bay, with improvements such as decorative lighting, paving, railings, benches and other amenities to enhance the connections with the Bay; and

To *"[p]ursue a mix of public and private resources to achieve an appropriate quality and mix of uses*", the Commission (1) has pursued the above-cited improvements for the Downtown Ferry Terminal Project and Embarcadero Roadway Project, (2) has entered into the above-cited leases with Hornblower Dining Yachts, (3) has helped expedite the selected Pier 1 developer's efforts such that the developer for Pier 1 has now commenced construction to provide the Port with publicly-accessible offices while continuing the existing café use and historically rehabilitating this maritime resource for other office activity, and (4) has moved forward with efforts to encourage private investment in the historic rehabilitation of the Ferry Building and Pier 1 to achieve maximum public use and the highest and best use in the public interest.

Exhibit 2 to Resolution No. 99-67

Ferry Building Renovation Project Mitigation Measures

1. The construction contractor shall implement a dust control program to minimize public exposure to dust contamination with hazardous materials and degradation of air quality.

2. The construction contractor shall dispose of demolition debris as general construction debris.

3. The construction contractor shall replace air filtration elements in the building if they have not been replaced since 1996. Renovation activities that involve heating, ventilation, air conditioning (HVAC) systems shall be conducted using OSHA lead-safe work practices.

4. The Port of San Francisco shall inform construction contractors that will conduct demolition or renovation activities of the lead content of building materials which they will be handling.

5. Prior to the issuance of building, demolition, or renovation permits, the construction contractor shall retain a lead abatement contractor to abate and dispose of the materials noted in Section 6.2, Lead-Based Paint, of the March 1996 *Asbestos and Lead Survey Report* prepared by RGA Environmental, Inc.; and all peeling, flaking, and stratified lead-based paint in the building.

6. Prior to project construction, the Port of San Francisco, in cooperation with the San Francisco Public Works Department and San Francisco Fire Department, shall prepare a construction debris and spill containment plan to address the special problems associated with removing debris and managing spills of petroleum products or other hazardous materials during project construction. The debris and spill containment plan shall be incorporated into the construction specifications for the proposed project.

7. In the event that structural modifications below the first floor of the Ferry Building are necessary, the project sponsor shall retain the services of an archaeologist. The archaeologist shall evaluate the potential impacts to the New Seawall or other potential archaeologist resources. The archaeologist would first determine, in conjunction with the Environmental Review Office (ERO), whether he/she should instruct all excavation and foundation crews on the project site of the potential for discovery of archaeologist resources, and the procedures to be followed if such resources are uncovered.

The archaeologist shall then design and carry out a program of on-site monitoring of all ground disturbing activities, during which he/she shall record observations in a permanent log. Whether or not there are archaeological finds of significance, the archaeologist shall prepare a written report on the monitoring program that shall be submitted first and directly to the ERO, with a copy to the project sponsor. During the monitoring program, the project sponsor shall designate one individual on site as his/her representative. This representative shall have the authority to suspend work at the site to give the archaeologist time to investigate and evaluate archaeological resources should they be encountered.

Shall evidence of archaeological resources of potential significance be found during the monitoring program, the archaeologist shall immediately notify the ERO, and the project sponsor shall halt any activities which the archaeologist and ERO jointly determine could damage such archaeological resources. Ground disturbing activities which could damage archaeological resources shall be suspended for a total maximum of four weeks over the course of project construction to permit inspection, evaluation, recommendation, and retrieval of archaeological finds.

After notifying the ERO the archaeologist shall prepare a written report to be submitted first and directly to the ERO, with a copy to the project sponsor, which shall contain an assessment of the potential significance of the archaeological finds and recommendations for what measures shall be implemented to minimize potential effects on archaeological resources. Based on this report, the ERO shall recommend specific additional mitigation measures to be implemented by the project sponsor.

Mitigation measures might include a site security program; additional on-site investigations by the archaeologist; and/or documentation, preservation, and recovery of archaeological material. Finally, the archaeologist shall prepare a draft report documenting the description as to how any archaeological testing, exploration and/or recovery program was conducted.

Copies of all draft reports prepared according to this mitigation measure shall be sent first and directly to the ERO for review. Following approval by the ERO, copies of the final report shall be sent to the President of the Landmarks Preservation Advisory Board, California Archaeological Site Survey Northwest Information Center, and agencies involved in overseeing the proposed *Ferry Building Renovation Project*. Significant archaeological artifacts and samples shall be curated in an appropriate facility or displayed with appropriate interpretation in the public areas of the Ferry Building.

Exhibit

FERRY BUILDING RENOVATION PROJECT
MITIGATION MONITORING AND REPORTING PROGRAM

Topic	Mitigation Measure	Implementation	Monitoring	Timing
HAZARDOUS MATERIALS				
	1. The construction contractor shall implement a dust control program to minimize public exposure to dust contaminated with hazardous materials and degradation of air quality.	Contractor	Port	Prior to demolition or other dust generating construction activity.
	2. The construction contractor shall dispose of demolition debris as general construction debris.	Contractor	Port	During demolition.
	3. The construction contractor shall replace air filtration elements in the building if they have not been replaced since 1996. Renovation activities that involve heating, ventilation, air conditioning (HVAC) systems shall be conducted using OSHA lead-safe work practices.	Contractor	Port	Prior to start of renovation/ construction.
	4. The Port of San Francisco shall inform construction contractors that will conduct demolition or renovation activities of the lead content of building materials which they will be handling.	Port	Port	Upon selection of demolition contractor and prior to demolition beginning.
	5. Prior to the issuance of building, demolition, or renovation permits, the construction contractor shall retain a lead abatement contractor to abate and dispose of the materials noted in Section 6.2, Lead-Based Paint, of the March 1996 Asbestos and Lead Survey Report prepared by RGA Environmental, Inc.; and all peeling, flaking, and stratified lead-based paint in the building.	Contractor	Port	Prior to issuance of permit for renovation/ construction.
BIOLOGICAL RESOURCES AND WATER QUALITY				
	1. Prior to project construction, the Port of San Francisco, in cooperation with the San Francisco Public Works Department and San Francisco Fire Department, shall prepare a construction debris and spill containment plan to address the special problems associated with removing debris and managing spills of petroleum products or other hazardous materials during project construction. The debris and spill containment plan shall be incorporated into the construction specifications for the proposed project.	Contractor	Port, SF Public Works, SF Fire	Plan - prior to construction. Monitoring - ongoing during construction.

Exhibit

FERRY BUILDING RENOVATION PROJECT
MITIGATION MONITORING AND REPORTING PROGRAM

Topic	Mitigation Measure	Implementation	Monitoring	Timing
CULTURAL RESOURCES				
	1. In the event that structural modifications below the first floor of the Ferry Building are necessary, the project sponsor shall retain the services of an archaeologist. The archaeologist shall evaluate the potential impacts to the New Seawall or other potential archaeological resources. The archaeologist would first determine, in conjunction with the Environmental Review Office (ERO), whether he/she should instruct all excavation and foundation crews on the project site of the potential for discovery of archaeological resources, and the procedures to be followed if such resources are uncovered.	Contractor	Port	Prior to any subsurface construction.
	The archaeologist shall then design and carry out a program of on-site monitoring of all ground disturbing activities, during which he/she shall record observations in a permanent log. Whether or not there are archaeological finds of significance, the archaeologist shall prepare a written report on the monitoring program that shall be submitted first and directly to the ERO, with a copy to the project sponsor. During the monitoring program, the project sponsor shall designate one individual on site as his/her representative. This representative shall have the authority to suspend work at the site to give the archaeologist time to investigate and evaluate archaeological resources should they be encountered.	Contractor	Port	the on-site representative shall be desingated prior to the start of construction. The reporting shall continue throughout the excavation and foundation phase of the project.
	Shall evidence of archaeological resources of potential significance be found during the monitoring program, the archaeologist shall immediately notify the ERO, and the project sponsor shall halt any activities which the archaeologist and the ERO jointly determine could damage such archaeological resources. Ground disturbing activities which could damage archaeological resources shall be suspended for a total maximum of four weeks over the course of project construction to permit inspection, evaluation, recommendation, and retrieval of archaeological finds.	Contractor	Port	Throughout construction, in the event cultural resoruces are encountered.

Exhibit

FERRY BUILDING RENOVATION PROJECT
MITIGATION MONITORING AND REPORTING PROGRAM

Topic	Mitigation Measure	Implementation	Monitoring	Timing
Cultural Resources, cont'd.	After notifying the ERO, the archaeologist shall prepare a written report to be submitted first and directly to the ERO, with a copy to the project sponsor, which shall contain an assessment of the potential significance of the archaeological finds and recommendations for what measures shall be implemented to minimize potential effects on archaeological resources. Based on this report, the ERO shall recommend specific additional mitigation measures to be implemented by the project sponsor.	Contractor	Port	Throughout construction as necessary.
	Mitigation measures might include a site security program; additional on-site investigations by the archaeologist; and/or documentation, preservation, and recovery of archaeological material. Finally, the archaeologist shall prepare a draft report documenting the archaeological resources that were discovered, an evaluation as to their significance, and a description as to how any archaeological testing, exploration and/or recovery program was conducted.	Contractor	Port	Throughout construction as necessary.
	Copies of all draft reports prepared according to this mitigation measure shall be sent first and directly to the ERO for review. Following approval by the ERO, copies of the final report shall be sent to the President of the Landmarks Preservation Advisory Board, California Archaeological Site Survey Northwest Information Center, and agencies involved in overseeing the proposed Ferry Building Renovation Project. Three copies of the final report shall be submitted to the ERO. Significant archaeological artifacts and samples shall be curated in an appropriate facility or displayed with appropriate interpretation in the public areas of the Ferry Building.	Contractor	Port	Throughout construction as necessary.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 19, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Recommendation on Selection of Developers to Invite to Submit Proposals to Design and Develop the Bryant Street Pier Project, (including the James R. Herman International Cruise Terminal) on Pier 30-32 and Seawall Lot 330

DIRECTOR'S RECOMMENDATION: INVITE FOREST CITY DEVELOPMENT, LCOR SAN FRANCISCO LLC AND THE SAN FRANCISCO CRUISE TERMINAL LLC TO SUBMIT PROPOSALS TO DESIGN AND DEVELOP THE BRYANT STREET PIER PROJECT

This staff report provides information on the four development teams which responded to the Bryant Street Pier Project Request for Qualifications and Proposals (RFQ/P), which includes the James R. Herman International Cruise Terminal: Forest City Development, including Peninsular & Orient and General Atlantic (collectively "Forest City"), LCOR San Francisco LLC, including LCOR Incorporated, Lehman Brothers, AIG Insurance, Mosbacher and AeroSea Corporation (collectively "LCOR"), San Francisco Cruise Terminal LLC, including Lend Lease Development, PSA (USA) Inc., Chinese Maritime Transport Ltd. and Whitney Cressman LLC (collectively "SFCT"), and Urbatec. This report includes a recommendation that the Port invite Forest City, LCOR and SFCT to submit proposals to design and develop the Bryant Street Pier Project. This report presents the analysis of respondents based on alphabetical order. The discussion does not reflect the relative ranking of the respondents with respect to the qualifications criteria, except to the extent that staff recommends that a respondent is not invited to submit a proposal.

A. Introduction and Background

For nearly a decade, the Port of San Francisco has been working to bring a new cruise terminal development to the City of San Francisco. San Francisco's existing cruise terminal at Pier 35 has long exceeded its capacity to efficiently meet the current and future needs of cruise lines and passengers.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

Over the past year and a half, the Port worked closely with cruise industry experts and community representatives in preparation for the issuance of an RFQ/P for the development of a modern cruise terminal. Following extensive staff analysis of alternative sites and significant public input, the Port Commission selected Pier 30-32, together with Seawall Lot 330, as the preferred site for development of the James R. Herman International Cruise Terminal and mixed use development, which together comprise the Bryant Street Pier Project (see attached maps).

B. Issuance of Request for Developer Qualifications and Proposals (RFQ/P)

The Port Commission under Resolution No. 99-36 approved issuance of the RFQ/P for the Bryant Street Pier Project on May 25, 1999. Consistent with the Waterfront Land Use Plan, Port staff then convened a 20 member Advisory Group made up of industry experts and community representatives. The Bryant Street Pier Project Advisory Group met three times in May and worked closely with Port staff in drafting the Project Goals and Objectives that ultimately were included in the RFQ/P. The Advisory Group will continue to meet with and advise Port staff on an as-needed basis as the Project proceeds.

The RFQ/P was published on June 4, 1999. Public notice of its availability was published in international as well as local magazines, publications, newsletters and newspapers. Over 2,000 notices were mailed or otherwise distributed to individuals and businesses, including all those who had previously requested notice, previous bidders on major Port projects, the Human Rights Commission's listings of certified minority/women-owned businesses in various project-related fields, Plan rooms and others that Port staff believed would be interested in this opportunity. During this process, more than 240 copies of the RFQ/P were distributed to parties including developers, building and design professionals, public agencies, non-profit organizations and other interested parties.

A pre-submittal meeting was held on June 23, 1999 in the Port Commission Room, followed by a brief visit to the Project site. Approximately 100 individuals were in attendance. A summary of questions and answers from the meeting was provided to all known parties that received a copy of the RFQ/P.

C. Project Goals and Objectives

As described in Section IV of the RFQ/P, the Bryant Street Pier Project must achieve four major goals:

- Provide a signature mixed use waterfront project which achieves a high level of year-round public use and support.
- Include development of the state-of-the-art James R. Herman International Cruise Terminal which enhances the Port’s international reputation as a first class cruise destination and preserves and creates new maritime jobs on this site and throughout San Francisco’s waterfront.
- Achieve a use and design program which respects and complements the existing South Beach neighborhood.
- Provide for the enhancement of the Port’s financial position over the term of the leasehold.

The Port's primary objective for the Project is the development of a high-quality cruise terminal, as part of a mixed use project which provides a focal point on the waterfront, mid-way between Downtown and the new Ballpark. The Port envisions a modern cruise terminal with active, public-oriented uses providing a premier gathering place for the Bay Area, the City and the neighborhood.

In addition to the above goals, the RFQ/P listed specific Planning and Land Use, Financial and Urban Design Objectives for the Project.

D. Summary of Developer Responses

Forest City, LCOR, SFCT and Urbatec submitted responses to the Bryant Street Pier Project RFQ/P on July 26, 1999. Their development teams are summarized below, and their experience and general concepts for development are summarized in Exhibits A and B respectively.

Forest City Development

Development Entity	(To be formed) Forest City Development California, Inc. ("Forest City") Peninsular & Orient ("P & O") General Atlantic
Cruise Terminal Development,Use, Operations	P & O
Terminal Operator	International Terminal Operators, Inc. ("ITO") recently purchased by P & O
Development Team	Program Management: Bovis Construction Architecture: Nicholas Grimshaw & Partners Robin Chiang & Company Gensler Urban Design and Planning: BMS Design Group Real Estate Economics: The Sedway Group Engineering: Marine Moffatt & Nichol Engineers Structural Forell/Elsesser Engineers Environmental/Geotechnial Olivia Chen Consultants Transportation Wilbur Smith Associates John T. Warren & Associates, Inc. Permits and Community Relations: James W. Haas, Esq. Government Relations: Gabriel-Roche, Inc.

LCOR San Francisco LLC

Development Entity	LCOR San Francisco LLC includes: LCOR Incorporated Lehman Brothers AIG Insurance Mosbacher AeroSea
Master Developer	LCOR Incorporated
Cruise Terminal Development, Use, Operations	AeroSea Corporation
Ferry Terminal Operator:	AeroSea Corporation
Development Team	Office/Hotel/Retail Developer: LCOR Incorporated General Contractors: Bovis Construction Huber Hunt Construction Architect/Ferry Terminal: HOK Architect/Mixed Use Development: Kaplan McLaughlin Diaz Environmental Architect: Tong Cheung Interior Design: Gordon Chong & Partners Engineering: Civil/Transportation — Korve Engineering Consulting — Ove Arup & Partners Geotechnical — Geo-Resources Community Outreach: Barnes & Clark Real Estate Marketing: Colliers International Land Use Counsel: Morrison & Foerster Permit Counsel: Gladstone Vettel Corporate Counsel: Jones, Day, Reavis & Pogue Graphic Design: 3D Visions Investment Banker: Lehman Brothers

San Francisco Cruise Terminal LLC

Development Entity	San Francisco Cruise Terminal LLC ("SFCT"), includes: Lend Lease Development (US) Inc. ("Lend Lease") PSA (USA) Inc. ("PSA") Chinese Maritime Transport Ltd. ("CMT") Whitney Cressman LLC
Cruise Terminal Development, Use, Operations	PSA and CMT

Terminal Operator	PSA
Leasing	Whitney Cressman LLC
Development Team	Cruise Terminal Design: Gee & Jensen Architecture: Skidmore Owings and Merrill LLP Regulatory/Entitlement Process: BMS Design Group General Contractor: Swinerton & Walberg Legal Counsel (Corporate/General): Heller Ehrman White & McAuliffe Legal Counsel (Entitlements): Sheppard Mullin Richter & Hampton Public Affairs: Alfred Williams Consultancy

Urbatec

Development Entity	Urbatec
Cruise Terminal Development, Use, Operations	Not identified
Terminal Operator	Not identified
Development Team	Architecture: The Jerde Partnership

E. Port Analysis of Submittals

Port staff, with the assistance of the real estate economics and planning firm of Economics and Planning Systems ("EPS") Inc., reviewed the submittals of the four respondents for completeness and for conformity with the requirements of the RFQ/P. Each team's qualifications and experience to develop and operate the Project were evaluated in light of the selection criteria outlined in the RFQ/P and highlighted in bold type below. Based on this review, Port staff has concluded that Forest City, LCOR and SFCT submitted responses that at this phase are most responsive to the RFQ/P, are worthy of further consideration, and should be invited to submit proposals during the next phase of the selection process. As stated on page 36 of the RFQ/P, "short-listed" developers will be allowed to revise and/or supplement their Phase 1 submittals to make adjustments to add or change team members, consultants, respond to further public comments, direction from reviewing agencies or the Port, or otherwise reflect changed circumstances.

This section outlines factors considered by Port staff in its review of the responses. Please note that Exhibit A provides a more detailed summary of the project experience provided in each respondent's submittals, and Exhibit B provides a summary of the narrative development concept provided by each respondent.

1. Experience of the developer and development team in the successful development, operation and economic performance of significant mixed use and/or cruise terminal projects in urban or waterfront locations in a complex regulatory environment.

Forest City has a proven track record in developing significant mixed use projects in urban and waterfront locations. Examples of significant mixed use projects in urban locations include the Tower City retail, hotel and office complex in downtown Cleveland, which includes a major public transportation hub and renovation of the historic tower building, and University Park at MIT in Cambridge MA. Projects in development include the $3 billion, 20 million square foot Central Station project in downtown Chicago near Lake Michigan. The mix of uses there will include office, exhibition space, hotels, retail, residential, a Global Trade Center and 14 acres of parks and open space. Waterfront projects include the 7.9-acre Bayside Village project next to Seawall Lot 330, and the award-winning Silver Lakes community in Florida.

P&O owns multiple cruise lines, including Princess Cruises, and has developed over 20 million square feet of office, high tech, industrial, leisure and retail space in the UK. ITO operates 17 ports on the Atlantic and Gulf Coasts.

LCOR has significant experience with major mixed use projects, including projects in urban and suburban settings. Many examples were given, including the $125 million Green Tree Village in Marlton, New Jersey, which includes more than 1.5 million square feet of office, industrial and retail space and 780 housing units. Other examples of LCOR's projects include build to suit office buildings for major government and business institutions in Philadelphia, Chicago, Washington D.C., and New York City. A joint venture comprised of LCOR, Schipol USA and Lehman Brothers was recently awarded the $1 billion renovation, expansion and operation of the International Arrivals Terminal at JFK Airport in New York. LCOR developed, leases and manages the 1.2 million square foot 101 Hudson Street Building on the waterfront in Jersey City. No cruise terminal project experience was presented, however, LCOR does have experience with airport terminal projects which is considered similar.

SFCT's Lend Lease has a proven track record in mixed use projects in urban and waterfront locations, most of which is international (e.g. the $650 million Darling Park and Cockle Bay Wharf in Sydney, Australia and the $198 million Sunshine Plaza Shopping Center in Queensland, Australia,) and some of which is still in the planning stage. Particularly noteworthy experience includes project management and construction for redevelopment of Sydney's International Airport to facilitate the Sydney 2000 Olympic Games, a $528 million residential, office and retail development on Sydney Harbor and the $277 million Fox Studios project in Sydney. In addition, Lend Lease is a development partner in the Sydney 2000 Olympic Village. Lend Lease also was project manager for the award winning Brisbane International Airport Terminal. Other experience includes the $120 million redevelopment and expansion of Fashion Valley retail center in San Diego.

PSA Corporation Ltd. has developed cruise and ferry terminal facilities at the Singapore Cruise Center and is an experienced container terminal and marine services operator, ferry terminal operator and event and exhibition manager in Asia. PSA's Maritime Square at the Harborfront, Singapore, is a $520 million mixed use waterfront project currently in the planning stages. PSA is also developing a new cruise terminal at Maritime Square.

Urbatec's brief submittals indicate that it's experience is limited to smaller scale, primarily suburban residential, commercial, retail, office or industrial projects in Southern California. At least two of these retail projects, the 174,000 sq. ft. Whittier Market Place and Santa Ana Downtown Plaza, are developed, owned and managed by Urbatec. No examples of urban or waterfront mixed use projects were provided. No cruise terminal project experience was presented.

2. **Ability of the developer and development team to implement complex development projects effectively.**

Forest City's submittals clearly indicate that Forest City effectively implements complex development projects. In addition, Forest City's team members each have demonstrated experience as members of teams that implemented complex development projects.

LCOR's submittals indicate that LCOR effectively implements complex development projects.

SFCT's submittals clearly indicate that SFCT effectively implements complex development projects. In addition, SFCT's team members each have demonstrated experience as members of teams that implemented complex development projects.

Urbatec's submittals do not provide evidence of project experience on particularly complex projects. Rather, the projects described appear to be relatively straightforward in nature. No other members of the development team, other than Urbatec and the Jerde Partnership, were identified.

3. **Prior experience and success in marketing, programming and ongoing property management and operations for the mix of uses proposed by the developer.**

Forest City's portfolio is diversified both geographically and among property types. As of January 31, 1999, Forest City operated a portfolio of real estate that consisted of 16.8 million square feet of retail space in 41 shopping centers, 7.2 million square feet of office space in 23 buildings, nine hotels and 118 apartment communities. The current portfolio includes two major entertainment projects, The Showcase and 42nd Street, and several additional projects in the pipeline. P & O's cruise fleet is one of the three largest in the world. P & O has extensive maritime management and operation experience, including cruise, cargo, ferries and other operations. ITO operates in 17 ports on the Atlantic and Gulf Coasts, including Baltimore, Miami and Gulfport. ITO also is the exclusive operator of the New York City Passenger Ship Terminal.

LCOR's submittals indicate significant properties (owned and third party) under management. Their materials also indicate that LCOR has expertise in the area of marketing. However none of these properties appear to include cruise terminals, hotels or convention centers.

SFCT's Lend Lease has over thirty years experience in the development, leasing and management of over 70 major retail centers around the world. Lend Lease owns and/or manages 2.5 million square feet of San Francisco real estate and Whitney Cressman has been involved in over $1 billion of transactions in San Francisco. PSA has ongoing relationships with 32 cruise lines, owns and operates the Port of Singapore, and PSA Exhibitions Pty. Ltd., a subsidiary of PSA, organizes trade and consumer shows, exhibitions, conferences and events.

Urbatec manages all of the projects in its portfolio. From the materials submitted, it appears that Urbatech's two larger retail projects (Whittier Market Place and Santa Ana Downtown Plaza) currently are managed by Urbatec's Property Management Division, as are 11 low-income senior subsidized residential developments. However, none of these properties appear to include cruise terminal or other waterfront developments.

4. **Ability of the developer's team to effectively market the Port as an international cruise destination and to program the site for year round visitor activity.**

   Forest City - In addition to ITO's relationships with and P&O's ownership of cruise lines, P&O owns Earl's Court and Olympia Limited, two of London's premier exhibition centers.

   LCOR's submittals do not clearly demonstrate the ability to effectively market the Port as an international cruise destination, and do not specifically address the ability to program the site for year-round visitor activity.

   SFCT - In addition to its relationships with cruise lines, SFCT's submittals state that PSA is the leading exhibition facilities manager in the Asian region and, since 1997, has been the manager of the Singapore Expo. PSA Exhibitions Pty. Ltd., a wholly-owned subsidiary, organizes trade and consumer shows, exhibits, seminars and events and has extensive relationships with conference and convention organizations throughout the world.

   Urbatec has not provided evidence of its ability to meet this criterion.

5. **Evidence of the developer's ability to successfully complete the development of the Project and operate and manage a financially sound Project, based upon (i) the ability to obtain debt and/or equity capital sufficient to complete the development from institutions acceptable to the Port; (ii) the requirements that any lease income or other monies payable to the Port be senior to any developer debt or equity obligations; (iii) demonstrated ability to meet all financial and other requirements.**

Forest City's submittals indicate the ability to obtain financing for major projects. Non-recourse financing in 1996 and 1997 together totaled $1 billion, and in 1998 equaled $1.7 billion. The 42nd Street Project in New York was developed under a long-term lease with a public entity.

LCOR's completed projects indicate the ability to obtain necessary funding. Qualifications include material for Mosbacher Properties Group LLC, a family-owned firm involved in the purchase, development, and management of commercial real estate. Material for Lehman Brothers, an investment banking firm, is included, including their past relationships with LCOR in financing projects.

SFCT's completed projects indicate their ability to obtain necessary funding for the Project and to successfully complete such projects. Their project descriptions indicate the ability to fund substantial project costs entirely with equity, and to access debt if required.

Urbatec did not demonstrate evidence of their ability to successfully complete a project of the type and scale of the Bryant Street Pier Project.

6. **Proposed public outreach efforts to affected residents, business owners, cruise lines and to the local minority and women-owned business community, and proposed method of ensuring their participation in refinements to Conceptual Proposals.**

Forest City - Many members of the Forest City team have proven experience working closely with local communities, business owners and cruise lines, although the submittals do not specifically address how they propose to work with them on this Project. However, the submittals express Forest City's commitment to working closely with the community, and also state that Forest City is prepared to meet the requirements and obligations stipulated for all aspects of the Project including professional services, construction contracts, on-site hiring etc. and to cooperate with job training and economic and business agencies to attract, encourage and foster MBE/WBE enterprises as tenants of the Project.

LCOR provides a detailed MBE/WBE program, including goals and a community outreach process, both of which appear to be based on documented success on its projects. However, it does not address outreach to cruise lines.

SFCT's submittal includes specific goals for women and minority business enterprises in design and construction and indicate that they will work closely with the Port and the San Francisco Human Rights Commission to develop a comprehensive equal opportunity program that will also include leasing and employment goals for the operational phase of the Project. SFCT also provides a list of MBE/WBE firms with whom they have initiated discussions about participation in the Project. SFCT's proposal includes a thorough discussion of its community and public outreach program which, will be guided by the Alfred Williams Consultancy. The submittals also indicate that PSA has ongoing relationships with 32 cruise lines.

Urbatec did not address this criterion.

7. **Establishment of clear lines of responsibility within the developer's organization on which the Port can rely during negotiations and implementation of the Project.**

   Forest City provides extensive information about the individual members of their development team. Forest City does not, however, clearly indicate responsibilities for different components of the Project, or the proposed relationships among their various consultants.

   LCOR's submittals indicate the lead negotiators for AeroSea and LCOR, as well as the key LCOR managers and officers and their level of LCOR commitment to the Project, but additional team members' roles are not specifically identified.

   SFCT has clearly identified the lines of responsibility within its team. SFCT has been formed as an LLC owned 50% by Lend Lease, 21.25% by PSA (USA), 21.25% by CMT and 7.5% by Whitney Cressman. The submittals indicate that the company is directed by a Member's Committee which provides strategic management and control, and a team of "Lead Negotiators" has been selected from the Member's Committee to negotiate during the Exclusive Negotiation period. An organization chart indicates the structure of the development management team, and many primary staff members have been identified.

   Urbatec did not specifically address this criterion.

8. **Experience, qualifications and local presence of the developer's technical advisors and consultant team, as demonstrated by comparable projects**

   Forest City's team includes technical advisors and consultants with excellent experience and qualifications and a strong local presence.

   LCOR's team of technical advisors and consultants is identified, but specific project experience for most team members has not been submitted. Most of these team members, however, have experience working within San Francisco's complex, regulatory environment, and are well-known firms with strong reputations.

   SFCT team includes technical advisors and consultants with excellent experience and qualifications and a strong local presence.

   Urbatec states that they have the ability to coordinate technical experts under one roof, including site evaluation, land acquisition, architects, financial analysis, government liaison, engineering, estimators, construction, sale, and marketing, and property management. They did not identify any members of their development team, other than the architect, The Jerde Partnership.

9. **Prior success with respect to architectural and urban design quality and quality of public amenities**

Forest City has provided numerous examples of high quality architecture and urban design. Nicholas Grimshaw and Partners has significant experience in the design of transport terminals, including the International Rail Terminal at Waterloo, Paddington Station Redevelopment Master Plan, and major airport projects at Manchester and Heathrow airports. The other members of the design team (Robin Chiang, Gensler and BMS Associates) also demonstrated numerous examples of transportation, waterfront, urban and mixed use projects of high architectural and urban design quality.

LCOR's submittals include numerous high quality developments with signature architecture and the design team for this project was identified, but specific design team experience has not been provided in the materials submitted.

SFCT has provided numerous examples of high quality architecture and urban design. The architecture, urban design and planning firm of Skidmore, Owings and Merrill has extensive experience with major waterfront and mixed use projects including Canary Wharf on the Thames waterfront in London, Rowes Wharf in Boston, Riverside South in New York and the Mission Bay Development. SOM also has developed a strong reputation for designing high quality hotel developments for leading hotel clients. SFCT is the only team which identified a cruise terminal design and planning firm (Gee and Jensen).

Urbatec provided six examples of its completed projects which exhibit standard architecture for suburban projects. None of these projects reflect the signature architectural or urban design quality required for this Project and none appear to include significant urban public amenities.

10. A commitment to meet the Port's Terms and Conditions of Offering set forth in Section V of this RFQ/P

All of the firms signed the standard statement of ability to comply with City Requirements and Other Terms and Conditions for the Bryant Street Pier Project.

11. Understanding of the regulatory approvals process, as reflected in the developer's advisors and consultant team and the project schedule and Conceptual Proposal

Forest City has assembled a consultant team with expertise in regulatory issues and obtaining government approvals, including James Haas and Gabriel-Roche, Inc. Forest City did not, however, submit a project schedule.

LCOR's project schedule does not indicate an understanding of the local regulatory environment and process. The schedule shows ground breaking 9 months from now, in May 2000, and does not indicate any time for project approvals, design review or environmental review. However, LCOR has identified experienced land use and permit counsel (Morrison & Foerster and Gladstone and Vettel) capable of rectifying this shortcoming.

SFCT has assembled a consultant team with particular expertise in regulatory issues and obtaining government approvals including, Patri-Merker architects, Al Williams Consultancy and Shepphard, Mullin, Richter and Hampton. The team's project schedule reflects an understanding of the complexity of the regulatory process for the project.

Urbatec states that "a project schedule is not appropriate at this time since there are so many variables in obtaining development approvals by the various governing agencies." Urbatec did not identify any members of their team with specific expertise in the regulatory approvals or entitlements necessary for this Project.

12. Overall compatibility with the Waterfront Plan and Design and Access Element

Forest City's proposal appears very consistent with the Waterfront Plan. Their emphasis is clearly on a world class cruise terminal and a project which is compatible with the neighborhood. Particular emphasis is placed on year-round health oriented activities, maritime and international trade offices, food, retail and entertainment, with tenants selected specifically for their ability to serve the South Beach neighborhood. Cultural uses which will celebrate the City's cultural diversity and an integrated transportation center are also discussed. A hotel that complements the surrounding neighborhood is proposed for the seawall lot.

LCOR's proposal is consistent with the Waterfront Plan in that it includes an international cruise terminal. The proposal also touches on the Waterfront Plan's goals of drawing people to the waterfront and providing year-round activity, but no overall theme or concept is clearly developed. The proposal's inclusion of "WingShip" terminal/ferries is not well developed and it is unclear whether they would be compatible with cruise operations. It also is not clear how the project would meet the neighborhood-oriented goals described in the Plan.

SFCT's proposal appears very consistent with the Waterfront Plan. It stresses the importance of the connection between the Bay and the City and emphasizes public access, significant level of maritime activity and commerce and sensitivity to the surrounding commercial and residential areas. The narrative emphasizes the design and function of the cruise terminal, including the needs of those who work the ships. The narrative further emphasizes the importance of maintaining the neighborhood scale, furthering the PortWalk, and providing neighborhood-enhancing retail, with an emphasis on innovative local retail concepts, among other uses.

Urbatec's proposal fails to address many important elements of the Waterfront Plan, including the integration of landside and waterside uses to reunite the City and its waterfront. The submittal does not specifically address the Waterfront Plan's call for activities which attract residents of the City and the region and significant maritime, public access and commercial uses oriented around a common theme.

13. A Conceptual Proposal that addresses the Project Goals and Objectives set forth in Section IV of this RFQ/P

Forest City's submittal emphasizes consistency with the Port's goals for the Project, including development of the cruise terminal and a use program that appears to be compatible with the neighborhood.

LCOR's submittal addresses development of the cruise terminal, but does not address scale, intensity and design, and therefore it is unclear how the overall mixed use concept would be compatible with and enhance the South Beach neighborhood or achieve a high standard of architectural design.

SFCT's submittal emphasizes consistency with the Port's goals for the Project. SFCT has clearly developed a concept for the cruise terminal and a compatible use program that appears to be consistent with the quality and scale of the existing neighborhood.

Urbatec did not specifically address the Port's primary objective for the Project which is "development of a high-quality Cruise Terminal".

F. Summary of Analysis

Forest City has demonstrated experience in cruise terminal operations and significant, mixed use developments in urban and waterfront settings, as described in this report. Forest City's identified terminal operator, International Terminal Operating Company, is one of the leading terminal operators and stevedores in North America, and operates in 17 ports. In addition to cruise terminal experience, Forest City has demonstrated experience in developing significant mixed use projects in complex, regulatory environments. They also have assembled a strong team of consultants with specific experience on similar projects. Forest City demonstrated their ability to finance a project of this size and type. Forest City should be invited to proceed to the next stage of the RFQ/P.

LCOR has demonstrated experience in significant urban and public sector developments, but lacks demonstrated experience in cruise terminal development and/or operations and LCOR did not include on their team any entity with experience in these areas. However, LCOR's experience includes the JFK International Terminal in New York, which is considered similar. LCOR demonstrated their ability to finance a project of this size and type. LCOR's consultant team also includes well-qualified and well-respected firms with a strong local presence. LCOR should be invited to proceed to the next stage of the RFQ/P.

SFCT has demonstrated experience in the development and operation of cruise terminals and significant mixed-use developments in urban and waterfront locations, as described in this report. SFCT has developed cruise terminals in Singapore and completed major mixed use waterfront developments in Singapore and Australia. SFCT has assembled a strong consultant team to work with them on this project. SFCT demonstrated their ability to finance a project of this size and type. SFCT should be invited to proceed to the next stage of the RFQ/P.

Urbatec did not respond to many of the submittal requirements that were clearly defined in Section VIII of the RFQ/P. Urbatec lacks demonstrated experience in either cruise terminal projects or significant mixed use developments in urban or waterfront locations. In addition, the team only addressed Seawall Lot 330 in its Conceptual Proposal and development program, and did not specifically address the Port's main objective for the Project, which is the development of the James R. Herman International Cruise Terminal.

In comparison to the other three submittals, which were responsive to most or all of the objectives and criteria included in the RFQ/P, Urbatec was far less responsive and in several cases, non responsive, as described in this report and demonstrated by the information on project experience included in Exhibit A. Urbatec should not be invited to submit a proposal.

G. Recommendation

Port staff recommends that Forest City, LCOR and SFCT be invited to submit proposals to design and develop the Bryant Street Pier Project on Pier 30-32 and Seawall Lot 330, based on the level of responsiveness to the objectives for the Project, and their specific previous experience and qualifications for a Project of this type. As part of this invitation, these three respondents will be requested to provide additional information regarding their qualifications. The recommended deadline for receipt of these proposals is Thursday, October 21st, 1999.

Prepared by: Anne Cook
Manager, Waterfront Development Projects

Carla Bagneschi
Planner II

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-68

WHEREAS, Charter Section 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the Port Commission, by Resolution No 99-36, on May 25, 1999 authorized Port staff to issue a request for qualifications and proposals ("RFQ/P") for design and development of a first-class "James R. Herman International Cruise Terminal" and mixed-use development at Pier 30-32 and Seawall Lot 330 (the "Project"); and

WHEREAS, Port staff issued the RFQ/P on June 4, 1999, provided extensive public notice by publication and mail, and distributed more than 240 copies of the RFQ/P to interested parties; and

WHEREAS, four parties (the "Respondents") submitted qualifications in response to the RFQ/P, Forest City Development, including Peninsular & Orient and General Atlantic (collectively "Forest City"), LCOR San Francisco LLC, including LCOR Incorporated, Lehman Brothers, AIG Insurance, Mosbacher and AeroSea Corporation (collectively "LCOR"), San Francisco Cruise Terminal LLC, including Lend Lease Development, PSA (USA) Inc., Chinese Maritime Transport Ltd. and Whitney Cressman LLC (collectively "SFCT"), and Urbatec; and

WHEREAS, Port staff has reviewed and evaluated the responses and, based on these evaluations and an evaluation of responses prepared by the real estate economics and planning firm of Economics and Planning Systems, and as set forth in the Memorandum to Port Commission dated August 19, 1999 for Agenda Item 8B, recommends that Forest City, LCOR and SFCT be invited to submit proposals for design and development of the Bryant Street Pier Project; and

WHEREAS, an invitation to these three Respondents to submit proposals does not commit the Port to proceeding with the Project, and the Port will not approve any lease or development agreement for the Project until there has been complete compliance with the California Environmental Quality Act (CEQA); and

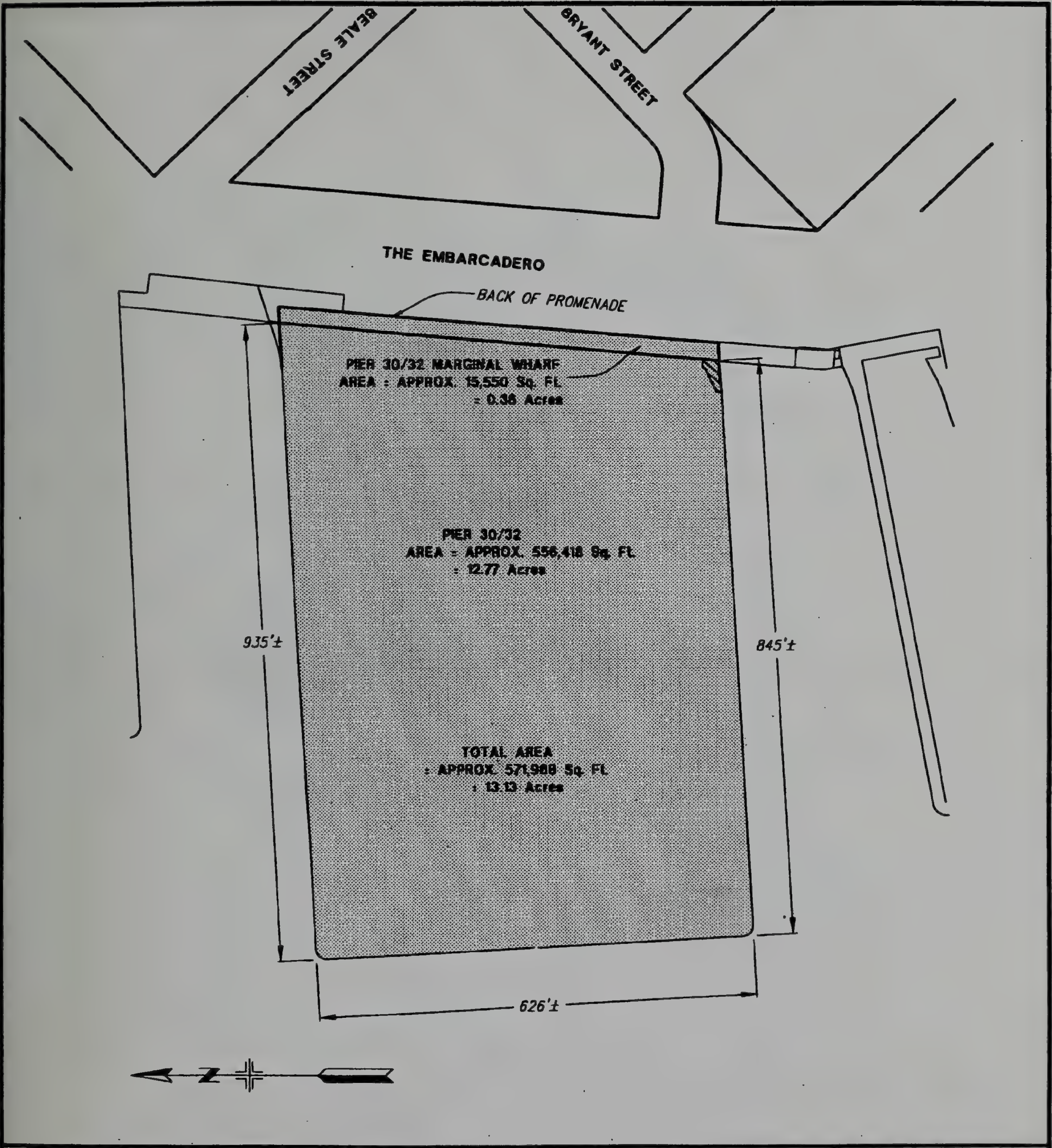
WHEREAS, Port Commission policy and City charter provisions require a competitive selection process for this opportunity; now, therefore, be it

RESOLVED, that the Port Commission hereby invites Forest City, LCOR and SFCT to submit proposals for the Bryant Street Pier Project subject to the terms of the RFQ/P.

I hereby certify that the Port Commission at its meeting of August 24, 1999 adopted the foregoing Resolution.

Secretary

H:\Carla\RFQ Pier30-32\Responses\Staff ReportShortList.doc\fj


BEALE STREET
BRYANT STREET
THE EMBARCADERO
BACK OF PROMENADE
PIER 30/32 MARGINAL WHARF
AREA = APPROX. 15,550 Sq. Ft.
= 0.36 Acres
PIER 30/32
AREA = APPROX. 556,418 Sq. Ft.
= 12.77 Acres
TOTAL AREA
= APPROX. 571,988 Sq. Ft.
= 13.13 Acres
935'±
845'±
626'±
N

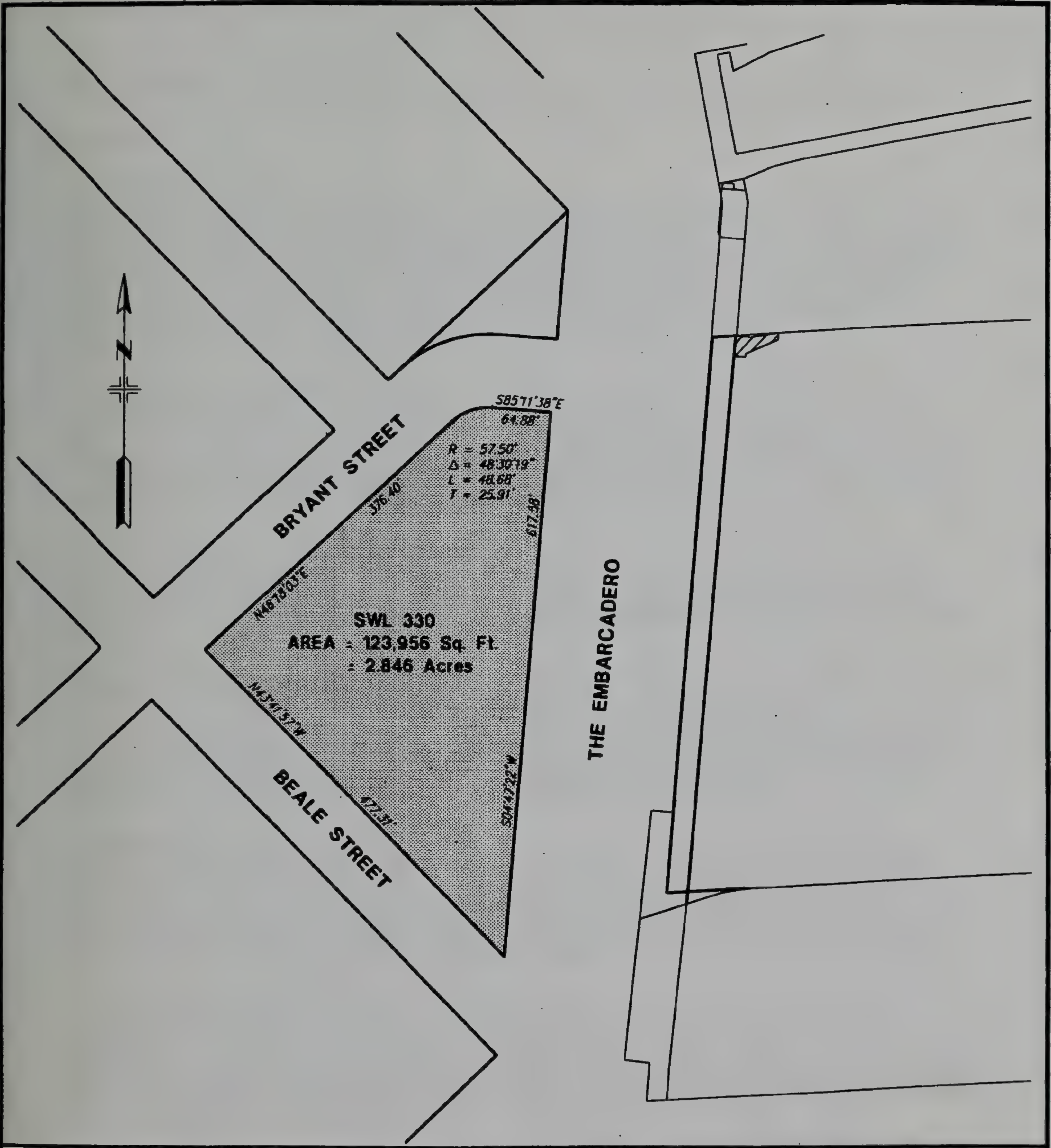
PORT OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
DEPARTMENT OF ENGINEERING

EXHIBIT 1
SITE PLAN - PIER 30-32

IN CHARGE OF: ED BYRNE
DRAWN BY: AMN
DATA FILES: XX
DRAWING NO. BS_MUOA.dwg
DATE: 26 MAY 99
SCALE: 1 = 150' NO. 1 OF 1

FILE: G:\Civil Cadd\Misc. Projects\PROJECT\BRYANT\BS_MUOA.dwg VIEW P2

BRYANT STREET PIER PROJECT


N
BRYANT STREET
BEALE STREET
THE EMBARCADERO
S85°11'38"E
64.88'
R = 57.50'
Δ = 48°30'19"
L = 48.68'
T = 25.91'
376.40'
617.98'
N48°18'03"E
SWL 330
AREA = 123,956 Sq. Ft.
= 2.846 Acres
N43°41'57"W
477.31'
S04°47'22"W

PORT OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
DEPARTMENT OF ENGINEERING

EXHIBIT 1
SITE PLAN - SWL 330

IN CHARGE OF:	ED BYRNE
DRAWN BY:	AMN
DATA FILES:	XX
DRAWING NO.	BS_MUOA.dwg
DATE:	26 MAY 99
SCALE:	1 = 150' NO. 1 OF 1

FILE: G: \Civil Cadd\Misc. Projects\PROJECT\BRYANT\BS_MUOA.dwg VIEW P1

EXHIBIT A: DEVELOPER EXPERIENCE

DEVELOPER: *Forest City*

Forest City

- Metro Tech (Brooklyn, NY)

Metro Tech is a $1 billion, 16-acre commercial, academic and high technology complex located in downtown Brooklyn. Forest City Development was responsible for all aspects of the urban renewal and community approval process, including construction of a variety of public improvements in response to community requests and input (i.e. new subway station and the relocation and preservation of landmark buildings). The 4.4 million square foot development primarily includes high-tech, class A office space, and is interspersed with a variety of academic, corporate and retail tenants. The tenant list includes Bear, Stearns & Company, Chase Manhattan Bank, the Brooklyn Union Gas Company, and many others.

- University Park at MIT (Cambridge, MA)

University Park is a 2.3 million square foot, $250 million mixed use development situated on 27 acres owned by MIT. The project is designed to appeal to the growth in New England's biomedical research and biotechnology fields, and is being completed over a 10-year period. Upon completion, it will consist of flexible first class office and research and development space, a hotel with executive conference facilities, a health club, cinemas, shops, restaurants, 400 units of housing; and seven acres of landscaped parks and open space.

- Tower City (Cleveland, OH)

Tower City is a 3 million square foot mixed-use project encompassing retail, entertainment, office and hotels in downtown Cleveland. The Tower includes many major national tenants, such as Disney Stores, J. Crew and the Gap, and includes 4 office towers and two hotels. The Tower project recently signed the Hard Rock Café to a long-term lease.

- Central Station (Chicago, IL)

Central Station is a $3 billion, 20 million square foot mixed use project. Encompassing almost one mile of lakefront property, the development will link Chicago's central business district, Soldier Field, the Field Museum, Grant Park and many other destinations. The project is located on 72 acres of unused railway and offers 7.5 million square feet of office space, 3 million square feet of exhibition space, 3,500 hotel rooms, 1 million square feet of retail space, 5,000 residential units, a Global Trade Center and at least 14 acres of parks and open areas.

- Tobacco Row (Richmond, VA)

Tobacco Row is a historic district containing numerous 50 to 100 year old buildings which overlook the James River, the Kanawha Canal, and Chapel Island. Forest City has concluded agreements to purchase the land and existing buildings and to purchase or control the outstanding tax-exempt bonds. A majority of the existing buildings will be rehabilitated for residential dwelling and related office and retail uses, and several new buildings will be constructed on vacant land to create a unique waterfront community.

- The Emporium (San Francisco, CA)

A partnership between the City and County of San Francisco, Bloomingdale's and its parent company, and Forest City Enterprises, Inc. will redevelop the Emporium Building at Market and Mission Streets. The project includes approximately 1.5 million feet with retail, entertainment, and cinema uses as well as a 450 to 464 room hotel. The project will renovate and preserve the historical significance of the building. Forest City will own and lease the retail, cinema/entertainment and hotel space.

- Silver Lakes (Fort Lauderdale, Florida)

Silver Lakes is a 2,480-acre master planned community located at a former limestone quarry. Forest City was responsible for rezoning the property from commercial mining to residential. One half of the community has been set aside for open space included 800 acres of lakes, 300 acres of wetlands, 35 miles of shore lines, and a 100-acre park and recreation system. Silver Lakes will include two schools, a preschool, and a neighborhood shopping center.

- Cortez Hill (San Diego, CA)

The Cortez Hill Apartments is a 230-unit, to be built, multi-family community adjacent to downtown San Diego. The area is historically significant to the City of San Diego.

- Atlantic Center (Brooklyn, NY)

Atlantic Center is a 32-acre mixed use, urban renewal project on the site of the Atlantic Terminal Railroad Station, one of New York City's busiest transportation hubs. The project will create new, affordable housing, retail and office space through a phased development plan. Retail tenants will include a movie theater and a national department store.

- 42nd Street (New York, NY)

42nd Street is a joint venture between Empire State Development and New York City Economic Development Corporation. The 335,000 square foot project includes entertainment retail and historic elements of the Harris, Liberty and Empire theaters. The project includes a wax museum, theater, record store, and a variety of smaller tenants.

- 101 San Fernando (San Jose, CA)

101 San Fernando will include 316 brownstone-style units in downtown San Jose.

- The Showcase (Las Vegas, NV)

The Showcase Mall is a 290,00 square foot entertainment center on the Las Vegas strip adjacent to the MGM Grand Hotel.

- The Gallery at Sunset Mall (Henderson, NV)

The Galleria is a 980,000 square foot regional mall in suburban Las Vegas. The Galleria is anchored by four department stores, and includes over 350,000 square feet of small tenants and restaurants.

- The Enclave (San Jose, CA)

The Enclave includes studio to two bedroom units with underground parking, a fitness center, 2 tennis courts, 3 pools, 2 spas, and a jogging trail.

- Huntersville Commons (Charlotte, NC)

This project on 216 acres is a proposed mixed-use, master planned community with single family and multi-family residential units, professional offices, "main street" type retail shops and entertainment venues, all planned and designed with adherence to the principles of "new urbanism".

P & O

- P & O developed over 20 million square feet of office, high tech, industrial, leisure and retail space in the UK

General Atlantic

- Bayside Village at South Beach (San Francisco, CA)

The 862-unit Bayside Village is located on 7.9 acres adjacent to San Francisco Bay. The project was designed to create a human-scale, village-like community within the urban environment. Nearly one half of the site is dedicated

to landscaped areas of parks, tree-lined walks and swimming pool decks. Bayside village offers a mix of studios, one and two bedroom units, and includes 10,000 square feet of retail facilities.

CONSULTANTS

BOVIS (program management)

- Underwater World at Pier 39 (San Francisco, CA)

Two-story, 48,000 square foot facility includes 11-foot deep main level tank, space for classrooms a bookstore, and room for administrative offices

- Canary Wharf (London)

Eight office buildings and supporting infrastructure combined into a new city district of approximately 6 million square feet on a 71-acre dockside site

- Riverside South (NY)

Mixed use development on 74.6 vacant acres of derelict rail yards along Hudson River, includes residential, parking, commercial, retail, transportation, open space and 750-foot pier

- Chelsea Harbor (England)

Mixed use development on 18-acre site, includes residential, retail shops, 75-berth marina, community center, restaurants, underground parking, yacht club, studios and workshops

- Statue of Liberty and Ellis Island Restoration (New York)

Major project required complex construction coordination and sensitivity to intricate details

NICHOLAS GRIMSHAW & PARTNERS (architecture)

- Waterloo International

Passenger rail terminal for Channel Tunnel Trains and the interchange of six different modes of transport, capacity to handle 6,000 passengers per hour

- British Pavilion (Seville)

Design of pavilion to reflect the spirit of Britain at Expo 92 in Seville

- Eden Project

Showcases global bio-diversity and human dependence on plants through biomes set in designed landscape

- Paddington Station Master Plan

Extensive improvements to establish Paddington as an international station equipped to meet increased demands of passenger, train and road traffic into the next century

- The Berlin Stock Exchange and Chamber of Commerce

Offices, conference center

- Sansbury's Supermarket

Supermarket, canal side housing, underground parking, column-free spaces to create flexible marketing space

ROBIN CHIANG & COMPANY (architecture)

- Canyon Ranch at Sea (The Bahamas)

Retrofit and conversion of cruise ship for leisure, health and fitness, will accommodate up to 300 passengers

DEVELOPER: *Forest City (continued)*

- Hotel Maritimo (Spain)

Competition-winning design for new resort hotel on Mediterranean Sea in Spain's Costa del Sol

- Charterhouse Hotel Vertical Expansion (Hong Kong)

Addition of 6 floors to 22 story tower

GENSLER (architecture)

- National Harbor (Maryland)

Master planning and concept design for 150-acre resort, retail and entertainment on banks of Potomac River

- Moscone Convention Center West (San Francisco)

Flexible exhibition building with three stories above grade and one below, with large, glass-enclosed lobby

- Wilshire Center Marketplace (Los Angeles)

Retail and entertainment in a pedestrian-friendly environment, new focal point for "centerless" community

- Beverly Hills Hotel and Bungalows (Beverly Hills)

Recreated five-star atmosphere of nostalgic international hotel

- Milton Square (Georgia)

500,000 square foot retail, office and entertainment lifestyle center in classic Main Street style

- Sherman Oaks Galleria

Conversion of mall to 1 million square foot, multi-use project with office, upscale retail/restaurants and movie theaters

BMS DESIGN GROUP (urban design and planning)

- Bay Area Water Transit Initiative (San Francisco Bay Area)

Planned for system with prime engineering consultant, met with key representatives from 30 jurisdictions and reviewed possible sites and facilities

- SF Waterfront Transportation and Urban Design Improvement Project (San Francisco)

Led consultant team which provided urban design services to the San Francisco Waterfront Transportation office for north and south portions of The Embarcadero

- London Bridge City (London)

Mixed use, urban redevelopment project on 25 acres of land on south bank of Thames River

MOFFATT & NICHOL (marine engineer)

- Pier 1 (San Francisco)

Developed concept for seismic retrofit

- Fisherman's Wharf Seafood Center (San Francisco)

Prepared conceptual design and construction plans, specifications and cost estimates

- The Ferry Building (San Francisco)

Visual inspection of foundation supporting building and above and underwater investigations of the structure

- China Basin Ballpark Ferry Landing (San Francisco)

Plan and design of three berth ferry terminal to serve Pacific Bell Park

- Pier ½ Ferry Landing (San Francisco)

Conceptual design of ferry terminal, final design for pile system, and performance specifications for float, trestle and gangway

THE SEDWAY GROUP (real estate economics)

- Hunters Point Shipyard (San Francisco)

Market study for commercial and residential uses

- Treasure Island (San Francisco)

Market study for proposed redevelopment uses

- De Young Museum (San Francisco)

Analyzed visitorship potential of various alternative locations for museum, provided estimate of fiscal benefits and economic impacts

- Mission Bay (San Francisco)

Market assessments of residential demand portion of Mission Bay north and China Basin Channel, assessed feasibility of south area for use of UCSF campus

- Third Street and Third Street Light Rail (San Francisco)

Market assessment and revitalization strategy for neighborhood, socio-economic projections and economic development strategies for planning new light rail line

- Candlestick Mills (San Francisco)

Market analysis of retail portion of proposed stadium/retail development

JOHN T. WARREN & ASSOCIATES (transportation engineer)

- San Francisco South Beach Small Boat Harbor and Park (San Francisco)

Civil engineering contract plans, specifications and cost estimates for ground side improvements

- Port of Oakland Construction of Container Wharf (Oakland)

2,400 linear feet of container wharf along Inner Harbor Channel

- San Francisco Intermodal Container Transfer Facility (San Francisco)

Facility planned and designed to permit rapid transfer of containers between ship and unit trains

FORELL/ELSESSER ENGINEERS (structural engineer)

- Experience includes (but not limited to) seismic evaluation of over 2,500 buildings and structures, seismic upgrades of more than 300 single and multi-story buildings, utilization of innovative systems, developing seismic evaluation and strengthening programs

OLIVA CHEN CONSULTANTS (environmental/geotechnical engineer)

- China Basin Shoreline Stabilization (San Francisco)

- Mid-Embarcadero Roadway and MUNI F-line Extension (San Francisco)

Geotechnical services for improvement of Embarcadero from Harrison to Broadway

- Pacific Bell Park (San Francisco)

Civil engineer of record for Pacific Bell Park

DEVELOPER*: Forest City (continued)*

- Mission Bay South (San Francisco)

Technical review of geotechnical materials prepared by developer, assessed soil conditions, evaluated geotechnical feasibility of project

WILBUR SMITH ASSOCIATES (transportation engineer)

- Mission Bay Development Transportation Studies (San Francisco)

Assist in planning and engineering of project

- SF Giants Pacific Bell Park EIR (San Francisco)

Prepared transportation portion of EIR

- Ferry Building (San Francisco)

Prepared transportation impact analysis of proposed renovation

- Mid-Embarcadero E-line and F-line Construction Traffic Operations Study (San Francisco)

Analysis and evaluation of traffic operations in Mid-Embarcadero corridor

- Waterfront Land Use Plan EIR (San Francisco)

Prepared Transportation Impact Analysis of the Plan

JAMES W. HAAS, ESQ (permits and community relations)

- 1000 Van Ness

Helped arrange sale of Cadillac Showroom for redevelopment as multiplex cinema and retail project, assisted developer in obtaining permits

- Involvement in Potential SF Waterfront Projects

Includes potential Radisson Hotel on Pier 45, sailing center and Exhibition Hall on Pier 24, and various community projects

- Chair of Rincon Point South Beach CAC

GABRIEL-ROCHE, INC. (governmental relations)

- Management audit of Caltrans
- EIS/EIR's for several rail improvements
- Environmental assessments for energy projects and east span of Bay Bridge
- Guiding proposed 2.4 million sf mixed-use project through government approvals
- Prepared housing plan for Mission Bay

DEVELOPER: *LCOR San Francisco LLC*

LCOR Corporation

- JFK International Airport (Jamaica, NY)

This $1.1 billion project involves the development and operation of a new International Arrivals Terminal at JFK Airport that will include 16 new gates, centralized check-in, central passport control and customs area, and will be easily expandable to meet the growing air travel needs of the New York Region. LCOR partnered with Schiphol USA, which will operate the terminal, and Lehman Brothers, which provided the project financing. The new terminal will include dining, shopping and entertainment options for waiting passengers and their "meeters and greeters". As co-developer of the Project, LCOR is responsible for coordinating the design, development, construction and leasing of the Project.

- White Flint Metro Station (Maryland)

LCOR was recently selected by the Washington Metropolitan Area Transit Authority to develop 32 acres adjacent to the White Flint Metro Station. LCOR will be developing a mixed use project consisting of approximately 1,300 multi-family housing units, 1.3 million square feet of commercial/retail space, and a 1,500 car parking facility.

- 101 Hudson St. (New Jersey)

LCOR is the developer, owner, managing agent, exclusive leasing agent, and property manager of 101 Hudson St., a 1,500,000 square foot high rise on the Hudson River overlooking lower Manhattan. LCOR also developed a strategic Master Plan for the area, which includes high-rise commercial and residential buildings as well as a comprehensive retail and recreational waterfront development. The Master Plan encompasses 6.5 million square feet of commercial office space in eight buildings; 850,000 square feet of residential space in six buildings; 300,000 square feet of retail and recreational space located primarily along the waterfront; a first-class waterfront hotel; a marina and ancillary facilities; and four acres of open public space, including the development of a tree-lined esplanade along the Hudson River. LCOR completed the first phase of the Master Plan by developing and leasing 101 Hudson St. The remaining phases will be developed by entities other than LCOR.

- Princeton Meadow (New Jersey)

LCOR acted as master developer responsible for planning and zoning approvals, land and infrastructure development, construction management, leasing and sales for Princeton Meadow. This 1,000 acre planned community includes 4,136 garden apartments, 1,249 condominiums, 680 townhouses, 350 single tenant homes, a 68,000 square foot shopping center, a 150,000 square foot professional office park, and an 80,000 square foot office research park. The community also features various recreational facilities, including a golf course, 15 swimming pools, 34 tennis courts, and a 3-mile jogging trail.

- Marlton Crossing (New Jersey)

Marlton Crossing is a 205-acre mixed-use development consisting of 153 single-family residential units and 1.2 million square feet of commercial space. As master developer, LCOR held all contracts and was responsible for all aspects of development, construction, financing, leasing and sales.

- Greentree Village (New Jersey)

Greentree Village is a 440 acre Planned Unit Development that was completed in 1990. The Project includes 780 residential units, townhomes, patio homes, condominiums, and single-family units. The Project also includes approximately 1,336,000 square feet of commercial space including office, warehouse, retail, restaurant, and movie theater.

- Rutgers State University Center at Easton Avenue (New Jersey)

University Center is a 12-story mixed-use project of approximately 562,400 square feet. The mixed use urban redevelopment project includes housing for 672 students, 20,700 square feet of retail space at ground level along Easton Avenue, a full service health club, and a 960 car parking garage. As prime contractor, LCOR entered into a design/build agreement with Rutgers University and was responsible for all aspects of development, construction, financing and leasing.

DEVELOPER: *LCOR San Francisco LLC (continued)*

- Chicago Public School System

As part of The Chicago Public Schools 1996-2000 Capital Improvement Program, this 11,550 square foot, one-story free-standing structure is a prototype for 29 similar facilities constructed system wide during 1996 and 1997. LCOR provided construction management services to construct the facility on a fast-track schedule.

- IRS Computer Center Annex and Office Building

The IRS Computer Center Annex and Office Building is 125,000 square feet on 25 acres. The project includes a $4.5 million fiber optic facility and level IV security standards.

- Philadelphia Regional Finance Center – Department of Treasury Building

The Treasury is a one-story, 130,000 square foot facility built for the U.S. Treasury Department in Philadelphia. LOCR is the developer and property manager of the $12.6 million facility which is a specialized built-to-suit structure containing a high level of security and complex data processing systems.

- Independent Blue Cross of Philadelphia (1919 Market Street)

1919 Market Street is a 50 story, 840,000 square foot office tower project located in downtown Philadelphia. LCOR, as developer, was responsible for all aspects of planning, design, financing, construction and leasing of the project. The towers will be joined by a 130 foot plaza which includes a sculpture court and a 16 foot high stepped waterfall. Beneath the office tower is a 4-level, 440 space parking garage.

- Federal Office Building at Foley Square (New York, NY)

LCOR was responsible for directing the design/build effort and financial controls and accounting for the Federal Office Building at Foley Square. This 34-story building includes 978,000 square feet of space, and accommodates day-care, fitness and health facilities in addition to retail and office uses.

- Chicago Title and Trust Center (Chicago)

Chicago Title and Trust is a 50-story office tower that consists of one million square feet of space. Several historic Chicago Theaters located at the rear of the site will be renovated as part of this project. LCOR's role in the project included rezoning the site and securing the anchor tenant, Chicago Title and Trust Co., establishing the joint venture, securing financing, and coordinating construction. LCOR is currently managing and leasing the project.

AeroSea Corporation: *(All projects in the pipeline)*

- China Marine and Aerospace

This contract was by Kolon Investments and Hang Sheng Bank in Hong Kong and calls for design of a double hull for its transport vessels, and the design and planning of shipyard infrastructure for increase in efficiency and loading and unloading of specialized equipment. AeroSea's role involves design, planning and analysis.

- Department of Defense – WingShip 5000 ton

A WingShip is a sea-based flying vehicle that exploits efficiency-enhancing ground effect by flying most of its missions close to the surface of the ocean. This contract was funded by a Congressional Defense Appropriations that began in 1993. AeroSea's role includes the design and development, project management and analysis of the WingShips.

- AeroSea Headquarters

AeroSea's new headquarter complex in Brisbane will be a mixed use facility with both office and housing components. Nine-stories and 80,000 square feet of useable space will be built to provide both working and living spaces for company clients and executives. AeroSea's role in the project includes development, project management, asset management and financing.

DEVELOPER: *LCOR San Francisco LLC (continued)*

- Waterfront Land Development (Guam)

This joint venture with FSM Guam operations involved planning and designing a mixed-use port with industrial and housing complexes on a neighboring island, and drafting deep harbors capable of handling commercial shipping.

Lend Lease

- Darling Park and Cockle Bay Wharf (Sydney, Australia)

Lend Lease is the developer and partial owner of Darling Park and Cockle Bay Wharf. Darling Park is a mixed-use development on the edge of the Sydney central business district with harbor frontage and views. The development includes 1,120,000 square feet of office, 86,000 of retail and entertainment, and 100,000 of public spaces. The retail tenant mix includes 13 restaurants, two retail outlets (art and music), one conference/exhibition center, one nightclub and one bar. There are two high rise towers with lobbies and public spaces. The lobbies connect with public outdoor gardens and cross to Cockle Bay Wharf, which houses retail, food and leisure facilities along a tree-lined promenade and marina.

- Jackson Landing (Sydney, Australia)

Jackson Landing is a new suburb currently under construction which includes 1,500 residential units and 380,000 square feet of office and retail development on a 28.9 acre site. The project also includes 8.9 acres of public open space. The master planning of the suburb is a modern day vision of the mixed use pattern which prevailed in the early 19th and 20th centuries. Up to 500,000 square feet of floor space will be set aside for commercial use including offices, hospitality, retailing, cafes and restaurants.

- Sunshine Plaza Shopping Center (Queensland, Australia)

Sunshine Plaza is a 590,000 square foot regional retail center serving the local resident population and tourists. The center is built around a natural tidal watercourse, and includes a Riverwalk entertainment and leisure precinct, used as a community hub for the region. The center links to the existing community via a tree-lined path along the waterway spine. Future expansion plans include cinemas and major and specialty retailers. Lend Lease is the developer and 50% owner of the project.

- Sydney Airport (Australia)

The redevelopment of Sydney's International Airport involves the upgrade of the existing facility to facilitate the Sydney 2000 Olympic Games. The redevelopment includes the provision of 10 extra widebody aircraft positions, enhancing the retail and operational areas as well as upgrading the baggage handling system. Lend Lease is the project and construction manager.

- Brisbane International Terminal (Australia)

Lend Lease was the project manager of the 8,000,000 square foot Brisbane International Terminal which includes 750,000 square feet of office and airline lounge and 600,000 square feet of retail. The building incorporates four levels, with sophisticated baggage handling, flight information, and aerobridge systems. Lend Lease managed all aspects of the project, including initial needs determination and site planning through to detailed design and construction, commissioning tenancy coordination and hand-over.

- Bluewater (London)

Bluewater is a 1,650,000 square foot regional retail center and the largest retail mall in Europe. The center was completed in March 1999 and contains 3 major department stores and over 320 top fashion retailers and 45 restaurants, cafes and bars and a 12-screen cinema. 160' cliffs, 50 acres of parklands and walkways, and 7 lakes providing leisure and recreational facilities surround the facility. Lend lease is a 50% owner of the facility.

- Fashion Valley (San Diego, CA)

The redevelopment/expansion of Fashion Valley included the addition of a second level to the existing open air center, which added approximately 275,000 square feet of GLA for 90 specialty retailers and an 18 screen theater.

- Aurora Place (Australia)

Lend Lease is the developer and partial owner of this planned 41 level office tower and 18 level residential building connected via a glass canopied ground level piazza. The project includes 533,610 square feet of office, 60 condominiums and 2 penthouses, and 30,000 square feet of retail and public spaces. Sustainable architecture will be utilized to conserve natural energy sources.

DEVELOPER: *San Francisco Cruise Terminal LLC (continued)*

- Half Moon Bay Resort Hotel (Half Moon Bay, CA)

The Ritz Carlton will be a 266-room luxury hotel, spa and conference center on 11 acres of oceanfront property. Situated between two golf courses, the facility will feature 17,000 square feet of meeting space, tennis courts and access to the beach. The developer entity is The Athens Group in association with Lend Lease Real Estate.

- Fox Studios Australia

Fox Studios is an entertainment venue that will combine 6 film and television sound stages, a studio tour, cinemas, retail and leisure precincts 10 minutes away from the heart of Sydney. The project includes 180,000 square feet of office, 140,000 of retail and entertainment, 110,000 of exhibition and convention space, and 100,000 of public space. Lend Lease is the developer and 50% owner of Fox Studios.

- Newington - Sidney 2000 Olympic Village (Australia)

Lend Lease is developing the Olympic Village on 647 acres in the demographic center of Sydney. Only 222 acres will be developed, with the balance being dedicated as Millenium Park. Olympic Village will include 2,100 residential dwellings, 25,000 square feet of retail, 150,000 of high tech industrial, and school, community and childcare facilities. The development includes extensive use of environmentally sustainable design and will be one of the largest solar developments in the world.

PSA Corporation Ltd.

- Singapore Cruise Center (Singapore)

PSA Corporation Ltd. developed and owns this two-story building with dedicated air-conditioned passenger arrival and departure lounges, baggage hall, linkway, customs, immigration and security screening facilities. The project includes a 300,000 square foot cruise and ferry terminal, 3 berths for cruise ships and 3 berths for ferries. The cruise center has a passenger capacity of 1.6 million cruise passenger throughput per year and 4.5 million for ferries. The project was 100% equity financed.

- New Cruise Terminal and Office Park at Maritime Square (Singapore)

PSA is the developer and owner of this planned terminal and office park at Maritime Square. The proposed project will include a 4-story cruise terminal building, two 188-story tower blocks, retrofit of one existing 16-story office block, and one 7-story block. The increase in demand for terminal space has resulted in the planning of this additional terminal which will be built in combination with mixed uses including office and retail. The expected implementation is between 2000 and 2010. The Project will have 50-50 debt/equity financing.

- Maritime Square at the Harborfront (Singapore)

Maritime Square is a planned mixed-use development, with harbor frontage and views. The development contains 767,000 square feet of retail and entertainment and 635,000 square feet of office, and will include a high rise office tower and a retail, food, leisure and entertainment precinct along a series of landscaped terraces facing the sea. The expected implementation timeline is between 2001 to 2008. The project will have 50-50 debt/equity financing.

- World Trade Center Building at the Harborfront (Singapore)

The World Trade Center Building is a mixed use development with harbor frontage and views. It is a 13-story building with lobbies, public office and retail space, and includes the existing Singapore Cruise Center. The project contains 822,000 square feet of office, 207,000 of retail, and a 145,000 square foot cruise terminal.

- Singapore Expo (Singapore)

PSA Corporation is the Project Manager for the Singapore Expo, which is designed to house exhibitions in an indoor air-conditioned environment. It was designed with environmental features to minimize energy usage and waste.

DEVELOPER: *San Francisco Cruise Terminal LLC (continued)*

CONSULTANTS

SKIDMORE, OWINGS & MERRILL LLP (architecture)

- Canary Wharf (London)

Master plan of 12.4 million square foot mixed-use development on Thames waterfront

- Rowes Wharf (Boston)

Mixed use private development and public space on Boston Harbor

- Riverside South (NY)

Master plan, urban design and community outreach for 54.5 acres of undeveloped waterfront land along Hudson River

- Mission Bay Entertainment Center

Plans and design for project, including 24-plex theater, retail center and parking

- Renaissance Center (Japan)

Shops, cinemas, restaurants and cultural facilities with location on the sea

- Hotels

Firm has designed high quality hotel and resort developments worldwide

GEE & JENSEN (cruise terminal design)

- Ongoing consulting contracts at 5 deepwater Florida marine ports

Projects include cruise facilities for Port Canaveral, waterfront configuration study and master plan for Trident Submarine Homeport in Georgia, negotiation and permit issuance for long term dredging plans at 4 Ports

PATRI MERKER ARCHITECTS (regulatory/entitlement process)

- Hills Plaza (San Francisco)

Mixed-use office and retail with public plaza surrounded by shops and restaurants

- Scandinavia Cruise Terminal Pier 30-32 (San Francisco)

Master plan and conceptual design of mixed-use maritime and cruise ship terminal

- Broadway Hotel Site (San Francisco)

Design for 410-room hotel draws upon surrounding historic district

- Macy's Union Square (San Francisco)
- San Francisco Omni Hotel (San Francisco)

SWINERTON & WALBERG (general contractor)

- Port of Oakland Headquarters
- Pier 39
- Ghiradelli Square

DEVELOPER: *San Francisco Cruise Terminal LLC (continued)*

- Matson Container Terminal
- Sheraton Waikiki

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP (legal counsel, entitlements)

- Representations include:

Pier 1, Ferry Building, obtaining approvals for proposed SFO runway expansions, development of Hunters Point Naval Shipyard Site

HELLER EHRMAN WHITE & MCAULIFFE (legal counsel, corporate/general)

THE ALFRED WILLIAMS CONSULTANCY (public affairs)

- Mission Bay
- Civic Center Plaza Master Plan
- Hunters Point Shipyard Master Plan
- Emporium/Bloomingdale Project
- Southeast Water Pollution Control Plant EIR

DEVELOPER: *Urbatec*

- Whittier Marketplace

Whittier Marketplace is a 174,000 square foot community shopping center on a 16 acre redevelopment site located on Whittier Boulevard. Major tenants include Alpha Beta, Savon Drugs, Blockbuster, American General Finance, Radio Shack, and many neighborhood shops. Urbatec developed, owns, and manages the project.

- Santa Ana Downtown Plaza (Santa Ana, California)

Santa Ana Downtown Plaza is a 100,000 square foot neighborhood shopping center on 9 acres of redevelopment land. Major tenants include Boys Market, Thrify Drugs, McDonalds, Taco Bell, Payless Shoes, Fantastic Sam's, Home Video, and several neighborhood shops. Urbatec developed, owns, and manages the project.

- Atlantic Place (Cudahy, CA)

Atlantic Place is a 22,500 square foot neighborhood convenience center on a 1.3 acre redevelopment site along Atlantic Boulevard.

- Advanced Fighter School (Glendale, CA)

The Advanced Fighter School is located on Luke Air Force Base and includes a 12-story office building and control tower. Urbatec built the facility to the owner's specifications.

- Jewelry Store and Office Building (North Hollywood, CA)

Urbatec remodeled a jewelry store and office building for Altobelli Jewelers.

- Office Building and Computer Facility (Twenty-Nine Palms, CA)

Urbatec built this office building and computer facility for the U.S. Marine Corps according to the owners' specifications.

- Pre-Cast Concrete Bridge (Metropolitan Water District; Perris, CA)

- Service Stations (U.S. Marine Corps; 3 locations in California)

- Post Exchange Facility (Marine Corps Base; Camp Pendelton, CA)

- Pre-Cast Post-Tensioned Control Tower and Office Building (U.S. Naval Facilities; Ream Field, CA)

- Factory (Assembly of high explosives) (U.S. Army Corps of Engineers; Yuma, Arizona)

- Sunrise East (Ventura , CA)

This 125-unit family apartment complex was developed and sold by Urbatec.

- Condominium Developments (5 separate projects in Los Angeles, CA)

Urbatec built and sold five condominium complexes, ranging from 13 to 81 units.

- Walnut Lane (Simi Valley, CA)

Urbatec built and sold this 16 home, single family tract development.

- Low-Income Senior Subsidized Residential Developments (California)

Urbatec developed over 1,100 HUD rental units in several locations in Southern California. Most of these projects are owned and managed by Urbatec.

EXHIBIT B: SUMMARY OF CONCEPTUAL PROPOSALS

Forest City

Forest City proposes a cruise destination and public-oriented center that would be a magnet for local residents and community activity. The design and tenant mix would focus on San Francisco's unique population, affinity for good health, outdoor recreation and community-centered activity. The terminal would be a year-round activity center with cultural and commercial uses, including exhibition space and specialty galleries. A community hotel with amenities tailored to nearby businesses and residents is proposed for Seawall Lot 330.

Specific proposed uses include: A cruise terminal with berths and flexible exhibition concourse space, viewing promenades and dockside areas to service ships; Year round health oriented activities (i.e. spa, park, gym, etc.); Marine and international trade offices; food, retail and entertainment; "Historic Spirit of San Francisco" (i.e. historic streetcars car barn, museum, etc.); Intermodal Transportation Center (i.e. water/ground transit, parking garage); Cultural Center (i.e. International Women's Museum, Children's Art Gallery, exhibit, galleries, etc); and a short to extended stay hotel on Seawall Lot 330 which would include meeting rooms, parking, and small scale retail.

LCOR San Francisco LLC

LCOR/AeroSea proposes a synergistic, year-round international cruise terminal with entertainment and retail facilities, office space, a conference center and a hotel, that will increase usage of maritime industries and the attractiveness of the waterfront.

Specific proposed uses include: An 80,000 square foot cruise terminal; WingShip ferry terminal and ferries; 400,000 square feet of specialty retail and entertainment (i.e. restaurants, bars, shops and food stores, live performances, interactive games, motion based theaters); 60,000 square foot convention center; 40,000 square feet of administrative support offices; and a 450-room hotel on Seawall Lot 330 with convention space, 35,000 square feet of retail, a health club, and parking for 1,200 stalls. The proposal also mentioned jazz clubs, a winery expo, Hollywood entertainment, and live performances.

San Francisco Cruise Terminal LLC

SFCT proposes a development that connects the Bay and the City, with attractive and inviting edges for public activity, a mix of uses and offerings that embrace the diversity of the City, a maritime program augmenting the colorful history of the Port, and a 4 to 5 star hotel. The design would be integrated with adjoining developments and surrounding commercial and residential areas. SFCT noted it would prefer a residential rental or condo project instead of a hotel on Seawall Lot 330, if possible to secure approval. The development would incorporate sustainable building design.

Specific proposed uses include: A 50-100,000 square foot modern cruise terminal on the eastern end of the pier, capable of handling 2 megaships simultaneously; 50-100,000

square feet of exhibition and convention space; 200-300,000 square feet of public space and access on the southern end of the pier facing Brannan Street Wharf; 150-250,000 square feet of retail and cultural amenities predominately on the southern end of the pier, with approximately half for restaurants and remainder for general retail with emphasis on innovative local retail concepts; 100-200,000 square feet of maritime office and 50-100,000 square feet of other office, with a bold edge along the Embarcadero, retail at the corners and maritime office use on the upper two floors; and a 300-400 room hotel on Seawall Lot 330 that is residential in character, with concealed parking, queuing in areas off the Embarcadero, and the main entrance along The Embarcadero.

Urbatec

Urbatec's conceptual proposal only addressed Seawall Lot 330, stating that the layout and design of the pier would be addressed if Urbatec is approved for phase two. The submittal noted that "Depending upon the determination of a cruise line operator or the City's desire to be the cruise terminal manager, our proposal would separate, if necessary, the waterside from the interior of the pier, which we would incorporate into a modern, full-scale entertainment and retail project, with a major cinema operation, theaters, shops, restaruants, and other related activities that would be compatible with the waterfront nature and the entertainment needs of the community."

Specific proposed uses for Seawall Lot 330 include: A four story, 160-unit residential development including a low and moderate income rental element; 43,000 square feet of anchors (i.e. market, drugstore, music/video); 5,500 square feet of service retail (i.e. newsstand, drycleaners, shoe repair, tailor, florist, photo, copy center); 9,200 square feet of food (i.e. fast food, deli, coffeeshop, bakery); and 230 retail parking spaces (level 2) and 250 residential parking spaces (level 3).

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

August 18, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong, Executive Director BL for DW

SUBJECT: Approval of Resolution Endorsing the Music Concourse and Organ Pavilion on City Property Under the Jurisdiction of the Recreation and Park Department South of Market Street at Steuart Street.

RECOMMENDATION: APPROVE ATTACHED RESOLUTION ENDORSING THE MUSIC CONCOURSE AND ORGAN PAVILION.

The Commission on July 27, 1999 heard a presentation on the Music Concourse and Organ Pavilion from Jim Haas, Chair of the Committee for a Waterfront Organ Pavilion, Boris Dramov of ROMA Design Group, and others. The Music Concourse and Organ Pavilion would be on City-owned property under the jurisdiction of the Recreation and Park Department, south of Market Street at Steuart Street, across The Embarcadero from the Ferry Building. The project will not involve any property under the Port's jurisdiction. The Pavilion's Concert Organ was originally created for the Panama-Pacific Exposition and has more recently been in storage awaiting a suitable and appropriate facility.

Showcasing this Exposition Concert Organ across from the Ferry Building and the waterfront will further encourage the public to come to The Embarcadero and the waterfront, using Port facilities and ferry transit services and activating public spaces. The Board of Supervisors in Resolution #566-98 endorsed creating this Music Concourse Pavilion and installing the Exposition Concert Organ to help enliven the Mid-Embarcadero area. The Planning Commission and Recreation and Parks Commission on May 13, 1999 appropriated $984,850 from the Downtown Park Fund to construct the Music Concourse, which will help insure that its construction will be completed by next summer. Additional funds to construct the Organ Pavilion will need to be raised privately and a campaign to do so is now being prepared.

To support this effort, staff has prepared the attached resolution endorsing the concept of the Music Concourse and Organ Pavilion.

Prepared by: Alec Bash, AICP, Waterfront Planner—Special Projects

This Print Covers Calendar Item No. 8C

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-69

WHEREAS, The Port of San Francisco is a participant in the Mid-Embarcadero Roadway Project, having made available its trust lands for the roadway right of way and associated public spaces; and

WHEREAS, the Port has designated developers to rehabilitate Pier 1 and the Ferry Building for office and retail uses and will itself expand the Downtown Ferry Terminal at the Ferry Building; and

WHEREAS, the Port desires the public to come to the Mid-Embarcadero to use new facilities, the ferry services and the public spaces; and

WHEREAS, the Board of Supervisors in Resolution #566-98 endorsed creating a Music Concourse on public property south of Market Street at Steuart Street and creating a Pavilion for the City's Exposition Concert Organ to help enliven the Mid-Embarcadero area; and

WHEREAS. The Planning and Recreation and Parks Commissions on May 13, 1999, appropriated $984,850 from the Downtown Park Fund to construct the Music Concourse which will help insure that its construction will be completed by next summer; and

WHEREAS, the funds to construct the Organ Pavilion will need to be raised privately and a campaign to do so is now being prepared, now, therefore, be it

RESOLVED, that the San Francisco Port Commission officially endorses the construction of the Music Concourse and Organ Pavilion on City property under the jurisdiction of the Recreation and Park Department across The Embarcadero from the Ferry Building and urges interested parties to support the campaign to raise the necessary funding.

I hereby certify that the Port Commission at its meeting of August 24, 1999 adopted the foregoing Resolution.

____

Secretary

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
4:00 P.M., AUGUST 24, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 4:20 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Brian McWilliams and Pius Lee. Commissioner Hardeman was not present.

2. APPROVAL OF MINUTES - August 10, 1999 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the August 10, 1999 Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

- The official Ground Breaking Ceremony for the Pier One project is scheduled for September 7 at 3:30 p.m.
- Carol Bach was selected to receive one of the 1999 Public Managerial Excellence Awards. Ms. Bach will be receiving the Efficiency in Public Management Award for her efforts on the Heron's Head Wetlands Restoration and Public Access Project. The San Francisco Planning and Urban Research Association, the San Francisco Chamber of Commerce and the Municipal Fiscal Advisory Committee to the Mayor select the award recipients. Mr. Wong and the Commission congratulated Carol Bach for a job well done.

B. Approval of First-Source Hiring Plan for Port leases, development projects and construction contracts, pursuant to San Francisco Administrative Code Section 83.4. (Resolution No. 99-61)

Ms. Veronica Sanchez, Manager of Governmental Affairs, indicated that staff provided the Commission an informational briefing on this item at the last Commission meeting. She requested Commission's approval to adopt the plan required under the First Source Hiring Ordinance mandating the Port to require its tenants and its contractors to make entry level jobs available through the City's job training program. Since the presentation of this item to the Commission, staff has not received any substantive comments from tenants or contractors. However, a couple of changes were suggested by the First Source Hiring Administration through their Deputy City Attorney: (1) good faith efforts to hire entry level

workers and (2) language be added in the contracts that would require lease holders of the Port and contractors to make special efforts to reach out to labor unions to create incentives for low entry and disadvantaged workers with the help of the City.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-61 was adopted.

4. CONSENT CALENDAR

5. MARITIME

A. Approval of Third Amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold. (Resolution No. 99-64)

Mr. John Davey, Maritime Operations Manager, requested the Commission's approval of the third amendment to Lease L-11320 between the Port of San Francisco and San Francisco Drydock, Inc. adding the surplus drydock "Steadfast" to the leasehold. At the last Port Commission meeting, the Commission authorized the expenditure of $93,000 to transfer the title of drydock Steadfast to the Port of San Francisco. Mr. Davey requested Commission's approval to amend the current lease with San Francisco Drydock (SFD) to add the Medium Auxiliary Floating Drydock Steadfast to SFD leasehold. This past March, the Port was successful in winning the transfer rights to the Medium Auxiliary Floating Drydock Steadfast through the assistance of Congresswoman Nancy Pelosi and a letter of support from the National Parks Department. This drydock will replace the former Drydock #1, which is in poor condition and has been a hindrance to SFD's competitiveness and operation. The Steadfast is currently located in Benicia, CA and has been physically inspected by both Port and SFD employees. Mr. Davey proposed that the Steadfast be added to the premises as defined by the original lease. In consideration for the Port's payment of transfer fees and the exclusive use of the Steadfast through the lease term, SFD agrees to pay all fees and costs associated with the moving and set up of the Steadfast or any permit fees associated with the operation of the Steadfast either initially or ongoing. SFD also agrees to comply with all of the terms and conditions of that certain Vessel Conditional Transfer Document. The amendment will be effective through the duration of the current SFD lease and SFD's rent will not be affected. With the addition of the drydock Steadfast, SFD can compete coastwise with other major, full-service ship repair yards. It is expected that the actual transfer will occur later this month. SFD and the Port are in the process of investigating options to sell or otherwise dispose of the old Drydock #1.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-64 was adopted.

6. REAL ESTATE

7. FACILITIES & OPERATIONS

A. Authorization to execute Contract Modification No. 1 for Contract No. 2655, "Maintenance Dredging at Pier 35 East, Phase II, Pier 35 West, Pier 80 Berths A, B, and C," with Dutra Dredging Company. (Resolution No. 99-57)

Mr. Alex Lee, Director of Facilities and Operations, requested the Commission's authorization to execute Contract Modification No. 1 for Contract 2655 in the additional sum of $1.2 million to Dutra Dredging Company. Contract 2655 was awarded for $1,770, 565 with a 15% contingency. The modification will bring the total contract value to $3,236,150. The Human Rights Commission has approved this proposed modification, subject to Port Commission approval. Mr. Lee indicated that both parties (Dutra and IBU) have made good faith efforts to resolve the situation.

Marina Secchitano, Regional Director of the Inland Boatmen's Union, indicated that by tabling the action at the last meeting, they were able to come to a conclusion with the federal mediator that Dutra will pay their workers $22,000 in lieu of lost wages and negotiated a new 3-year agreement with wage increases. They are satisfied with the agreement reached.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-57 was adopted.

8. PLANNING & DEVELOPMENT

A. Approval of Lease Disposition and Development Agreement and Ground Lease with Ferry Building Investors, LLC for the Ferry Building located at Market Street and the Embarcadero (Resolution No. 99-67)

Mr. Paul Osmundson, Director of Planning & Development, indicated that the Port has undertaken the renovation of the Ferry Building for decades. On May 15, 1998, the Port issued a Request for Qualifications and Proposals ("RFQ/P") to rehabilitate and lease the Ferry Building as a mixed use project. Pursuant to this RFQ/P, the Port Commission awarded to William Wilson and Associates ("WWA") the opportunity to enter into an exclusive right to negotiate with the Port. WWA and Cornerstone Properties, a national real estate investment trust, have since merged and are known as Wilson Cornerstone. An Exclusive Right to Negotiate agreement was executed by the Port and WWA Investors, LLC, a California limited liability company (a successor in interest to WWA for this agreement), on December 28, 1998 ("Exclusive Right"). The Exclusive Right provided for an Exclusive Negotiation Period expiring on April 27, 1999 (including options), which was extended until August 27, 1999 by the developer.

Ferry Building Investors, LLC, a California limited liability corporation ("Developer"), is the successor in interest to WWA for the Ferry Building LDDA and the Lease. Wilson Cornerstone is the California name for the entity also known as

Cornerstone Properties Limited Partnership which controls Ferry Building Investors, LLC.

The following has also been accomplished to date during the Exclusive Negotiation Period:

- The Port staff and Developer met with State Lands Commission staff who have indicated preliminarily that the project appears to be in compliance with State Trust Purposes.
- The Port staff and Developer have met several times with the State Historic Preservation Office which has indicated preliminarily that most aspects of the proposed project conform to the Secretary of Interior's Standards for Historic Rehabilitation.
- The San Francisco Planning Department has reevaluated the project as modified since completion of a Final Negative Declaration, dated October 1, 1998, and concluded that additional review under CEQA for the project as modified is not required.
- The Waterfront Design Advisory Committee provided initial review and generally favorable comments on the design concept to the Schematic Design of the project on July 20, 1999, and has indicated its desire to again review the design once it is further developed.
- Meetings have been held with S. F. Bay Conservation and Development Commission ("BCDC") staff and the BCDC Design Review Board, at which generally favorable comments have been received.
- The Port staff and Developer have negotiated the terms of an LDDA and a Lease.

Following the adoption of the Negative Declaration and approval of the LDDA and the Lease by the Port Commission, the following approvals must be obtained before construction can proceed:

- Approval of the Lease by the San Francisco Board of Supervisors
- Submittal of Historic Preservation Certification Application Part 2 to the National Park Service
- Approval of Design Recommendations by the Waterfront Design Advisory Committee
- Approval of the Schematic Design by the Port Commission
- Approval of a Parking Exemption by the S. F. Planning Department
- Issuance of a BCDC Permit
- Issuance of a Building Permit by the Port

The developer expects to receive these approvals and to commence construction by January 2001, and expects to complete construction by June 2002.

Conditions stated in the LDDA for the development of the Ferry Building include the following:

- The Port is to deliver the Ferry Building to the Developer free of existing tenants and occupants, (including the Port) except the World Trade Club ("WTC"), Limbach & Limbach, Inc. ("Limbach"), and Amtrak.

- If the Port is unable to vacate the Ferry Building on schedule because of a delay in the Pier 1 project, the Port may extend the time to close the escrow and deliver the Site for a three (3) month period, subject to a graduated rent credit schedule.

- Developer is responsible for relocating WTC, Limbach and Amtrak or may accept the Site subject to their tenancies. If Developer is unable to obtain the termination or relocation of WTC by the Close of Escrow, it is treated as a force majeure and extends the date of the close until July 31, 2004.

- Port agrees to exercise any rights it may have to relocate WTC, Limbach or Amtrak and/or to terminate month to month tenancies and ancillary agreements they may have (such as parking rights).

- The Developer is to accept the Ferry Building in its "as is with all faults" condition.

- Developer is responsible at its own sole cost and expense to comply with all laws and regulations, and to obtain all regulatory approvals necessary to undertake the planned development.

Following are the conditions that must be satisfied for the escrow to close, whereby the Lease and the site will be delivered to Developer:

- Port has approved the construction design documents.

- Port has issued a full building permit or a site permit.

- Developer has submitted to the National Park Service Part 2 of the Historic Preservation Certification Application.

- Developer has received all required approvals from regulatory agencies, including BCDC.

- Developer has submitted to the Port an updated Construction Budget, and evidence of a guaranteed maximum price contract for the construction of improvements consistent with the Construction Budget.

- Developer has provided the Guaranty.

- Pier 1 is completed.

- Developer has submitted evidence regarding the establishment of an investment entity to utilize Historic Tax Credits.

- Developer has submitted a certificate of insurance for required insurance coverage and the title company is prepared to insure title.

- Executed copies of the Lease have been submitted into escrow.

- The Ferry Building is free of all tenants and occupants, except WTC, Limbach and Amtrak.

- Developer has submitted a First Source Hiring Agreement and an HRC Certificate of Compliance and the Port has approved them.

- Port has completed certain offsite work in the Apron Area and issued permits to enter to Developer for staging and other construction activity.

- There have been no adverse changes in the condition of the site.

The Lease, which will be delivered through escrow when the above conditions are satisfied, will include the following business terms:

- Premises: The Premises will consist of the existing Ferry Building, with certain easements, as shown on the Site Plan.

- Developer has an option and right of first offer, subject to the amendment of existing BCDC permits, to also lease the Plaza Area behind the Ferry Building. If Developer leases the Plaza, it will assume maintenance and landscaping obligations there, and Plaza revenues and expenses will be accorded the same treatment as other such items in the Participation Rent provisions of the Lease.

- Term: The term of the Lease will commence upon the close of escrow and expire 66 years thereafter.

- Permitted Uses: The Premises shall be used for specialty retail uses, food markets, entertainment, offices, meetings, restaurants, transportation terminal uses, and public access uses.

- The Minimum Rent to the Port is set at $1,400,000 per year

- Annual Consumer Price Index ("CPI") Adjustment: Between 10% and 20% every five years, after operating expenses, reserves and debt service. Unpaid CPI adjustments accumulate.

- Participation Rent: 50% of net cash flow, after 11% developer return on equity. Unpaid return on developer equity accumulates.

- Refinancing: If Developer refinances the Lease, the debt service amount shall change and the Port shall be paid 30% of all net refinancing proceeds.

- Participation in Transfer or Sale Proceeds: Port can elect to receive 30% of net proceeds from a transfer or sale, but thereafter relinquishes its 50% participation in net cash flow.

The scenario presented below is for a 20 year period, assuming 3% inflation, a refinance after 10 years, and a sale after 20 years.

Port Revenue	Cumulative Port Revenue, Developer Projected Rents
Minimum Rent	$28.0 million
CPI Adjustment Rent	$5.6 million
Participation Rent	$16.0 million
Refinancing Proceeds	$14.3 million
Sale Proceeds	$24.5 million
TOTAL	$88.4 million

This compares to the about $1.2 million in net income after operating expenses the Port generated from the Ferry Building during FY 1998-99. During the past five years, the Port has generated an average of $2.2 million in gross revenues from the Ferry building, but only $800,000 after deducting operating expenses.

When the Port vacates its offices in the Ferry Building to move to Pier 1, there would be an additional $750,000 in net income (after operating expenses) generated at the Ferry Building, for a total of $1.55 million per year. Escalated at 3% per year, this would generate a total of $41.4 million over 20 years.

Other benefits to the Port include:

- Implementing the goals and objectives stated in the Port's *Waterfront Land Use Plan.*
- Seismically upgrading the Ferry Building, and protecting this historic maritime resource.
- Preserving the Ferry Building, a City Landmark which is listed on the National Register of Historic Places, consistent with the Secretary of Interior's Standards for Rehabilitation.
- Promoting public access to the Bay and its water transit services.
- Providing high quality commercial retail facilities and office space within a transit terminal adjoining the City's Financial District.

Mr. Osmundson emphasized that the developer is an extraordinarily responsible and trustworthy partner. They have been extremely cooperative in addressing the needs of the Port. He assured the Commission of the developer's sincerity and commitment to delivering a project that everybody can be proud of.

On behalf of Limbach & Limbach, Mr. Osmundson submitted to the Commission Secretary a letter stating their comments on the proposed development agreement.

Mr. Osmundson welcomed Alan Rothenberg, former Port Commissioner, to the meeting and apprised the Commission that he would like to offer his comments regarding the project.

Mr. Richard Springwater, Wilson Cornerstone, asked the Commission to approve the LDDA for the Ferry Building. He introduced the members of his team: Architect Cathy Simon, Project Managers Chris Meany & Todd Claytor, Development Partner James Jefferson, Attorney Mary Murphy. Mr. Springwater pledged to the Commission that they will produce a project that the Commission, the Port and the City would be proud of.

Mr. Osmundson thanked his staff, former Port Commissioners and former Port Directors who have supported this project. In particular, Project Manager Alec Bash, Legal Counsel Noreen Ambrose, Diane Millner and Neil Sekhri.

Ms. Mollie Marshall, World Trade Club, submitted a copy of her remarks for the record (enclosed).

George Lu, Managing Director for the Ferry Plaza Limited Partnership, indicated that they are a 17-year tenant of the Port and have heard a lot of proposals to develop the Ferry Building. He believes that Wilson Cornerstore's proposal is solid and one that is good for the Port and the City and he heartily supports it. His company is prepared to accommodate whatever is necessary to relocate the WTC to the upper level of Gabbiano Restaurant.

Alan Rothenberg, former Port Commissioner (1977-81), indicated that he was the leader of the forces that marshaled the then simplistic plan to redevelop the Ferry Building and has no association with the project or with the developer. He believes that the proposal, as outlined, is solid and is excited that the Commission is about to be engaged in the next period of the Ferry Building's life. He congratulated the Commission and thanked them for their work on behalf of former Port Commissioners.

Ernestine Weiss indicated that she was under the impression that this lease was subject to the construction of an underground garage and wondered about its status. The Golden Gateway Commons and the surrounding community are concern about a garage being built at Block 202. She asked for clarification on this issue.
Mr. Osmundson indicated that as mentioned in the staff report the Port would need to secure an exemption from the Planning Department if it will not provide the code required parking in the building. The resolution of the surface jurisdiction of that site has not been determined by the Board of Supervisors; until it is determined, staff believes that there is no direct relation to the matter that the Commission is being asked to approve.

On behalf of Stan Smith and Larry Mazzola, Larry Lee form the Plumbers Local 38 spoke in support of the proposal. The contractor has worked with them in the past and has done a great job.

Jane Morrison inquired about specific plans for the parking garage as they are interested in preserving Blocks 202 and 203 as a park for the neighborhood.

With regard to WTC's long term lease, Mr. Osmundson indicated that WTC's rights are protected in the development agreement. Staff believes that the requirement described in the staff report that the developer either reached an agreement with WTC prior to the commencement of the lease, which is anticipated in January 2001, or take possession of the building subject to that lease is responsive. Staff also believes that it is orderly and fair. With respect to the punitive nature of the Port canceling the month-to-month licenses, staff disagrees with that characterization. The Port currently has the right to terminate month-to-month agreements. Port staff expects the developer to cooperate in the negotiation of an agreement with WTC pursuant to and subsequent to the approval of the development agreement. Mr. Osmundson noted that WTC's lease is substantially below fair market value for the space that they currently occupy.

With regard to parking, Mr. Osmundson indicated that part of the Mid-Embarcadero Roadway Project EIR is a 350-space underground parking garage approved by the Board of Supervisors. Construction of the garage is contingent upon a signed agreement between the Port and the developer for the renovation of the Ferry Building. The City's Dept. of Real Estate currently has jurisdiction of the parcel. Supervisor Bierman introduced a legislation transferring control of the surface of the lot to the Recreation & Park Dept. but exempting the subsurface to allow the future potential development of a parking garage if feasible. There is no direct relationship between the parking garage and this agreement other than after the agreement is signed, the Port could pursue control of the site and develop an underground parking garage. The current agreement provides that the Port would assign to the developer rights for up to 150 parking spaces at One Maritime Plaza garage, which is controlled by the Parking Authority. Staff is in negotiations with the Parking Authority to gain control of 250 parking spaces.

Mr. Chris Meany, Wilson Cornerstone, gave the Commission a brief description of the project but emphasized that the Commission will be provided an in-depth presentation of the schematic design of the Ferry Building at a later date. Mr. Meany showed the Commission a series of computer renderings showing the rehabilitation of the west side of the building, the north and south ends and a new treatment of the east side of the Ferry Building. The east side of the Ferry Building is a totally new façade of the building, which recalls the old arch windows that used to be the waiting room windows of the ferries. The second level is a metal extension of the building that recalls the old gangways. While they think the outside of the building would be a wonderful rehabilitation and restoration of the building, the heart would be inside the building. When the building was originally built, the organizing principle of the building was a grand nave running the entire length of the building. That two-story tall arch skylit space was one of the great interior spaces in San Francisco. The centerpiece of their interior plan is to restore the nave by taking out all the office spaces that was added on the third floor within that nave, recreating a whole 660 ft. length of the building. That nave would be the central organizing element of the building. Since ferry traffic now happens on the

ground floor instead of the second floor, they will penetrate the second floor in a number of places so that the ground floor would be open to the nave. The Ferry Building would be organized around a 660 ft. long three-story tall grand skylit arcade space. The second and third floors of the building will be used as office spaces. The ground floor of the building will be arranged along the arcade with food-oriented market spaces and restaurants. Complimenting those restaurants would be a program of food-oriented market hall. The Ferry Building would become the centerpiece of the waterfront.

Commissioner McWilliams asked Mr. Osmundson to comment on George Lu's comments about use of their space. Mr. Osmundson replied that staff is grateful for Mr. Lu's cooperation. Wilson Cornerstone approached Mr. Lu about potentially relocating the WTC to the building they have under lease and staff is encouraged by that possibility. That location would represent an excellent opportunity for the WTC to enhance its visibility. It presents an opportunity for the developer, Gabbiano and WTC to further negotiate it as a possible location for the club.

Commissioner Lee asked staff to assist in the negotiations between the developer and WTC in order to reach a reasonable settlement and not delay the project. Mr. Osmundson indicated that as evidenced by the club's comments, they are supportive of the efforts to renovate the building and want to be treated fairly. Staff is available to participate in the negotiations at the WTC's request.

Commissioner Brandon commended Port staff and Wilson Cornerstone for negotiating a mutually beneficial lease. Wilson Cornerstone has been fair and allowed the Port to share in the success of the project. She hoped that Wilson Cornerstone and Port staff would use the same fairness in negotiating with long-term Port tenants.

Commissioner McCarthy echoed Commissioner Brandon's comments. She thanked Port staff and former Port Commissioners for all their efforts. She particularly thanked Paul Osmundson, his staff and the City Attorney's office for negotiating a tough but good lease. With this development agreement, the Port has gotten out of the public's notion of being "taken advantage of" by private developers. She also thanked Wilson Cornerstone. She also noted that the Commission showed great judgement in choosing a quality developer who has the capacity and the caring interest in providing and implementing a quality development.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-67 was adopted.

B. Recommendation on selection of developers to invite to submit proposals to design and develop the Bryant Street Pier Project including the James R. Herman International Cruise Terminal on Pier 30-32 and Seawall Lot 330. (Resolution No. 99-68)

Anne Cook, Manager of Waterfront Development Projects, indicated that for nearly

a decade, the Port has been working to bring a new cruise terminal development to San Francisco. Over the past year and a half the Port has worked closely with cruise industry experts and community representatives in preparation for the issuance of an RFQ/P for the development of a modern cruise terminal. Following extensive staff analysis of alternative sites and significant public input, the Port Commission selected Pier 30-32, together with Seawall Lot 330, as the preferred site for development of the James R. Herman International Cruise Terminal and mixed use development, which together comprise the Bryant Street Pier Project.

On May 25, 1999, the Port Commission approved issuance of the RFQ/P for the Bryant Street Pier Project. Consistent with the Waterfront Land Use Plan, Port staff then convened a 20 member Advisory Group made up of industry experts and community representatives. The Bryant Street Pier Project Advisory Group worked closely with Port staff in drafting the Project Goals and Objectives that were ultimately included in the RFQ/P.

The RFQ/P was published on June 4, 1999. Public notice of its availability was published in international as well as local magazines, publications, newsletters and newspapers. Over 2,000 notices were mailed or otherwise distributed to individuals and businesses, including all those who had previously requested notice, previous bidders on major Port projects, the Human Rights Commission's listings of certified minority/women-owned businesses in various project-related fields, Plan rooms and others that Port staff believed would be interested in this opportunity. During this process, more than 240 copies of the RFQ/P were distributed to parties including developers, building and design professionals, public agencies, non-profit organizations and other interested parties.

As described in Section IV of the RFQ/P, the Bryant Street Pier Project must achieve four major goals:

- Provide a signature mixed use waterfront project which achieves a high level of year-round public use and support.

- Include development of the state-of-the-art James R. Herman International Cruise Terminal which enhances the Port's international reputation as a first-class cruise destination and preserves and creates new maritime jobs on this site and throughout San Francisco's waterfront.

- Achieve a use and design program which respects and complements the existing South Beach neighborhood.

- Provide for the enhancement of the Port's financial position over the term of the leasehold.

Port staff received the following four proposals:

Forest City Development

Development Entity	(To be formed) Forest City Development California, Inc. ("Forest City") Peninsular & Orient ("P&O") General Atlantic
Cruise Terminal Development, Use, Operations	P&O
Terminal Operator	International Terminal Operators, Inc. ("ITO") recently purchased by P&O
Development Team	Program Management: Bovis Construction Architecture: Nicholas Grimshaw & Partners Robin Chiang & Company Gensler Urban Design & Planning: BMS Design Group Real Estate Economics: The Sedway Group Engineering: Marine: Moffatt & Nichol Engineers Structural: Forell/Elsesser Engineers Environmental/ Geotechnical: Olivia Chen Consultants Transportation: Wilbur Smith Associates John Warren & Assoc. Inc. Permits & Comm. Relations: Gabriel-Roche, Inc.

LCOR San Francisco LLC

Development Entity	LCOR San Francisco LLC includes: LCOR Incorporated Lehman Brothers AIG Insurance Mosbacher AeroSea
Master Developer	LCOR Incorporated
Cruise Terminal Development, Use, Operations	AeroSea Corporation
Ferry Terminal Operator	AeroSea Corporation
Development Team	Office/Hotel/Retail Developer: LCOR Incorporated General Contractors: Bovis Construction Huber Hunt Construction Architect/Ferry Terminal: HOK Architect/Mixed Use Develop.: Kaplan McLaughlin Diaz Environmental Architect: Tong Cheung

Interior Design: Gordon Chong & Partners
Engineering:
  Civil/Transportation Korve Engineering
  Consulting Ove Arup & Partners
  Geotechnical Geo-Resources
Community Outreach: Barnes & Clark
Real Estate Marketing: Colliers International
Land Use Counsel: Morrison & Foerster
Permit Counsel: Gladstone Vettel
Corporate Counsel: Jones, Day, Reavis & Pogue
Graphic Design: 3D Visions
Investment Banker: Lehman Brothers

San Francisco Cruise Terminal LLC

Development Entity	San Francisco Cruise Terminal LLC ("SFCT"), includes: Lend Lease Development (US) Inc. ("Lend Lease")' PSA (USA) Inc. ("PSA") Chinese Maritime Transport Ltd. ("CMT") Whitney Cressman LLC
Cruise Terminal Development, Use, Operations	PSA and CMT
Ferry Terminal Operator	PSA
Development Team	Cruise Terminal Design: Gee & Jensen Architecture: Skidmore, Owings & Merrill LLP Regulatory/Entitlement Process: BMS Design Group General Contractor: Swinerton & Walberg Legal Counsel (Corporate/General): Heller Ehrman White & McAuliffe Legal Counsel (Entitlements): Sheppard Mullin Richter & Hampton Public Affairs: Alfred Williams Consultancy

Urbatec

Development Entity	Urbatec
Cruise Terminal Development, Use, Operations	Not identified in the submittals originally submitted
Ferry Terminal Operator	Not identified in the submittals originally submitted
Development Team	Architecture: The Jerde Partnership

Port staff, with the assistance of the real estate economics and planning firm of Economics and Planning Systems Inc., reviewed the submittals of the four respondents for completeness and for conformity with the requirements of the RFQ/P. Each team's qualifications and experience to develop and operate the Project were evaluated in light of the selection criteria outlined in the RFQ/P.

Forest City has demonstrated experience in cruise terminal operations and significant, mixed-use developments in urban and waterfront settings, as described in this report. Forest City's identified terminal operator, International Terminal Operating Company, is one of the leading terminal operators and stevedores in North America, and operates in 17 ports. In addition to cruise terminal experience, Forest City has demonstrated experience in developing significant mixed use projects in complex, regulatory environments. They also have assembled a strong team of consultants with specific experience on similar projects.

LCOR has demonstrated experience in significant urban and public sector developments, but lacks demonstrated experience in cruise terminal development and/or operations and LCOR did not include on their team any entity with experience in these areas. However, LCOR's experience includes the JFK International Terminal in New York, which is considered similar. LCOR demonstrated their ability to finance a project of this size and type. LCOR's consultant team also includes well-qualified and well-respected firms with a strong local presence.

SFCT has demonstrated experience in the development and operation of cruise terminals and significant mixed-use developments in urban and waterfront locations, as described in this report. SFCT has developed cruise terminals in Singapore and completed major mixed-use waterfront developments in Singapore and Australia. SFCT has assembled a strong consultant team to work with them on this project.

Urbatec did not respond to many of the submittal requirements that were clearly defined in Section VIII of the RFQ/P. Urbatec lacks demonstrated experience in either cruise terminal projects or significant mixed use developments in urban or waterfront locations. In addition, the team only addressed Seawall Lot 330 in its Conceptual Proposal and development program, and did not specifically address the Port's main objective for the Project, which is the development of the James R. Herman International Cruise Terminal.

Ms. Cook mentioned that Port staff received a letter from Urbatec this afternoon, copies of which were provided to the Commission.

Ms. Cook recommended that Forest City, LCOR and SFCT be invited to submit proposals to design and develop the Bryant Street Pier Project on Pier 30-32 and Seawall Lot 330, based on the level of responsiveness to the objectives for the Project, and their specific previous experience and qualifications for a Project of this type. As part of this invitation, the three respondents will be requested to provide additional information regarding their qualifications. The recommended deadline for receipt of these proposals is Thursday, October 21, 1999.

Ernestine Weiss was thrilled to see this project move forward. Former Port Commissioner James Herman would be proud. She urged the Commission to pass the resolution.

John MacLaurin, President of Urbatec, indicated that the letter submitted to the Commission represents a modification in the formula they would use to develop the

Bryant Street Pier Project. Three years ago, they submitted to Port staff and other agencies of the City a proposal to develop Seawall Lot 330. It included special features that the community needs i.e. shopping center and affordable housing. The obvious need for affordable housing and shopping center in this part of the bay is demonstrable. During the period of time when the proposal was available for review, he has had several conversations with Roy Disney. Because Mr. Disney was travelling and unavailable, he did not feel it appropriate to include him in the original proposal. Subsequently, upon Mr. Disney's return, further discussion ensued and an agreement reached that Roy Disney would develop the pier portion and the portion of Seawall Lot 330 under a common partnership. That partnership would reflect Mr. Disney's interest in locating an element of the Disney cruise lines in this site and would be helpful in dealing the various community needs that are demonstrated by the enthusiasm of the people in the community. He asked to be included on the list of firms already recommended by staff.

Richard Ow, Community/Labor Union Member, thanked the Commission for naming the passenger cruise terminal in honor of James Herman. When the construction phase commences, he's sure that it would all be union workers. When it's operational, all the workers would be union members as well. When the Airport expansion project is finished, San Francisco would be the air hub of the world. When the James Herman passenger cruise terminal is finished, San Francisco will be also known as the passenger hub of the world. He urged the Commission to pass the resolution and move forward.

Jeffrey Leibovitz, Portside HOA, indicated that Port staff has done due diligence. The project builders are respected in the world. He asked the Commission that CAC's be included in the review of the proposals. He indicated that in the summary of the staff report, there are troubling remarks to the stakeholders that are located adjacent to the proposed project. He asked the Commission to reconsider entertaining Urbatec's proposal in light of his new submittal. He asked the Commission to be sensitive to the community and hoped that the CAC plays a pivotal role in determining the types of entertainment chosen for the site. There's obvious need for affordable housing and asked the Commission to give it some consideration.

ACTION: Commissioner McWilliams moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-68 was adopted.

C. Endorsement of Organ Pavilion on City-owned property under the jurisdiction of the Recreation and Park Department located at Steuart and Market Streets. (Resolution No. 99-69)

Mr. Alec Bash, Planning & Development staff, requested the Commission's endorsement of the music concourse and organ pavilion. Jim Haas and Ernestine Weiss heartily endorsed the organ pavilion and music concourse and asked the Commission to do the same. Ernestine Weiss also commented on the skateboarders ruining the property at Pier 7 and asked that a fence be put up to protect the area.

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; Resolution No. 99-69 was adopted.

9. FINANCE & ADMINISTRATION

10. NEW BUSINESS / PUBLIC COMMENT

Steve and Maria Reilly, owners of Red's Java House, submitted a letter to the Commission regarding their concern. Mr. Reilly indicated that Red's Java House is a minority/woman-owned business and a long-time tenant of the Port. Port staff, on the basis of security for the pier, denied his request to lease 1500 sq. ft. of open dock space for parking. They believe that the denial of their request was not valid because BCDC, as a requisite for granting parking permit, requires that the pier be open space. He urged the Commission to reconsider his request. Commissioner McCarthy directed staff to evaluate the situation and report to the Commission at the next meeting.

Ernestine Weiss reiterated her comments regarding the skateboarders at Pier 7. She asked the Commission to have staff investigate the matter.

11. EXECUTIVE SESSION

Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:45 p.m., the Commission withdrew to executive session to continue discussions of the executive session items.

At 7:15 p.m., Commissioners McCarthy, Brandon, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Brandon moved approval of Executive Director's decision to terminate employment of the Real Estate Deputy Director. Commissioner McWilliams seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 7:15 p.m.

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, SEPTEMBER 14, 1999
Suite 3100, Ferry Building, S.F. CA 94111

DOCUMENTS DEPT.
SEP 0 9 1999
SAN FRANCISCO
PUBLIC LIBRARY
09-09-99P04:07 RCVD

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - August 24, 1999 Special & Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **CONSENT CALENDAR**

   A. Approval of six (6) month lease with Youth for Service at the Pier 96 Administration Building (Foot of Cargo Way). (Resolution No. 99-70)

5. **MARITIME**

   A. Authorization for the Executive Director to Submit a Subzone Application for SFO Fuel LLC to the Foreign Trade Zone Board. (Resolution No. 99-71)

6. **REAL ESTATE**

7. **FACILITIES & OPERATIONS**

8. **PLANNING & DEVELOPMENT**

9. **FINANCE & ADMINISTRATION**

   A. Status Report on the Port of San Francisco's Economic Impact Report.

10. **NEW BUSINESS / PUBLIC COMMENT**
    Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.***

a. Property: Piers 27-31
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager, Waterfront Development Projects

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss the price and terms to be included in the request for proposals regarding Piers 27-31.

b. Property: Boondocks Restaurant, Pier 28
Person Negotiating: Port of San Francisco: Mark Lozovoy, Commercial Property Manager
*Boondocks: Jim Kennedy

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and Boondocks regarding the Boondocks Restaurant.

c. Property: Pier 35
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning and Development.
*Majestic Group, LLC: Christopher Kyte

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations regarding Pier 35.

d. Property: Rincon Park Restaurant at Folsom and Embarcadero
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning and Development.
*Nice Ventures Inc.: Reed Hearon

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations regarding Rincon Park Restaurant at Folsom and Embarcadero.

e. Property: Broadway Hotel Property Seawall Lot 322-1, 323, 324
Person Negotiating: Port of San Francisco: Jennifer Sobol, Development Project Coordinator

*Stanford Hospitality, Inc.: Antony Carter

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Stanford Hospitality, Inc. regarding the Broadway Hotel Property located at SWL 322-1, 323, 324.

f. Property: South Beach Redevelopment Lease Area
Person Negotiating: Port of San Francisco: Mark Lozovoy, Senior Property Manager and Kari Kilstrom, Port Planner
*Redevelopment Agency: Amy Neches, Project Manager

Under Negotiation: ___ Price X Terms of Payment __ Both
An executive session has been calendared to discuss real estate negotiations regarding terms of an operating sublease by the Redevelopment Agency within the South Beach Redevelop. Lease Area.

g. Property: Piers 3 and 5
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Hornblower: Terry McCray
*Putnam/Lovell: Don Putnam

Under Negotiation: ___ Price X Terms of Payment __ Both
An executive session has been calendared to discuss real estate negotiations regarding terms of payment for Port properties located at Piers 3 and 5.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (two cases).
_X_ As Defendant __ As Plaintiff

b. Initiation of litigation pursuant to subdivision (c) of California Government Code Section 54956.9 (two cases).
__ As Defendant _X_ As Plaintiff

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.
B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

13. ADJOURNMENT

PUBLIC MEETINGS
SEPTEMBER - OCTOBER 1999

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
Tuesday, Sep. 21	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Sep. 21	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Tuesday, Sep. 21 ***(Special Meeting)***	3:00 p.m.	Port Commission	Port Commission Room Ferry Building
Wednesday, Sep. 22	9:00 a.m.	Pre-submittal Conference Pier 45 Shed A RFP	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Sep. 28 ***(Cancelled)***	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Tuesday, Oct. 12	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Tuesday, Oct. 19	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Oct. 19	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Wednesday, Oct. 20	9:00 a.m.	Pre-submittal Conference Pier 45 Shed A RFP	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Oct. 26	4:00 p.m.	Port Commission	Port Commission Room Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m. Contact Amy Quesada, Port Commission Secretary at 274-0406, to be placed on the mailing list for Commission meeting agendas.

The Pier 45 Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47, Fisherman's Wharf.

The Northeast Waterfront Advisory Group does not have any meetings scheduled for October.

The Southeast Waterfront Advisory Group will meet on October 18. Meeting place to be determined. Please contact Braj Norris at 274-0540 for more information.

The Rincon Point-South Beach CAC will meet at 5 p.m. on September 20 at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Amy Neches, Redevelopment Agency at 749-2450 for more information.

Port Website

Check out the Port's Website at **www.sfport.com**

Questions/Contacts

Pier 45 Advisory Group	Kirk Bennett	274-0545
Northeast Waterfront Advisory Group	Kirk Bennett	274-0545
Bryant Street Pier Advisory Group	Anne Cook	274-0483
Southern Waterfront Advisory Committee	Braj Norris	274-0540
Port of San Francisco Reception	Liz Fitzgerald	274-0400

PORT OF SAN FRANCISCO

NOTICE OF SPECIAL MEETING

THE PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, SEPTEMBER 28, 1999 AT 4:00 P.M.
IS CANCELLED

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED FOR

TUESDAY, SEPTEMBER 21, 1999 AT 3:00 P.M.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 8, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of six (6) month lease with Youth For Service at Pier 96 Administration Building.

DIRECTOR'S RECOMMENDATION: APPROVE SIX (6) MONTH LEASE WITH YOUTH FOR SERVICE

Background

In February of 1996 the Port Commission authorized a Request for Proposals ("RFP") for the Heavy Vehicle Maintenance Facility at Pier 96 (Port Commission Resolution 98-13). The Pier 96 Administration Building was a part of the Pier 96 facility affected by the RFP. The Port received one responsive proposal from Grosvenor Bus Lines, Inc., dba The Gray Line ("Grosvenor").

In order to proceed with a lease with Grosvenor and in compliance with the requests of the Port's Southern Waterfront Advisory Committee ("SWAC") and the Southeast Alliance for Environmental Justice (SAEJ), Grosvenor agreed to participate in an area-wide Environmental Impact Report (EIR") focusing primarily on traffic and air quality issues surrounding proposed uses in the Southern Waterfront. That EIR study has only just commenced and will take eight months or more to be completed. In the mean time, that portion of the Pier 96 Administration Building sought to be leased by Grosvenor remains vacant. Because of the short term available, normally the Port would not market the space for lease.

THIS PRINT COVERS CALENDAR ITEM NO. 4A

The Port has been approached by Youth For Service, a San Francisco based non-profit education and counseling service, requesting a short term (six months) lease for office and training facilities. Youth For Service's 14th Street facilities are in the process of being seismically upgraded. Because of the short time frame requested, the otherwise unmarketable Pier 96 Administration Building offices appeared to be a near perfect fit. Port Real Estate staff and Youth For Service have negotiated a lease (Lease No. L-12826) containing the following terms and conditions:

Premises:	Approximately 11,350 square feet of office space at the Pier 96 Administration Building
Term:	Six (6) months
Commencement Date:	November 1, 1999
Base Rent:	$8,170.00 per month
Free Rent Period:	2 months*
Use:	Office and training facilities
Additional Tenant Obligations:	Youth For Service will restore and maintain the Pier 96 Administration Building landscape areas.

*This rate is within Port parameters for non-serviced (utilities, janitorial, etc.) office leases in the Southern Waterfront.

*To accommodate Youth For Service's cash flow process, the lease will reflect a monthly rent of $.50 including the free rent period.

Commission approval is required to permit the free two-month rental provisions. The proposed rental rate of $.72 reflects the Port Commission approval rent schedule (Commission Resolution 98-34) for the Pier 96 Administration Building ($.97) adjusted for the elimination of utility, janitorial, landscaping and other services ($.25).

Port staff recommends approval of Lease No. L-12826 on the terms and conditions outlined above.

Prepared by: Nicolas J. Dempsey, Commercial Property Manager, Leasing

\\PACIFICA\USERS\TENANT\WP51\AGENDAS\YOUTH FOR SERVICE.MEM.doc\9/8/99/NJD/jef

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-70

WHEREAS, City and County of San Francisco Charter Section B3.581 empowers the San Francisco Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the jurisdiction; and

WHEREAS, the Youth For Service has approached the Port to lease a portion of the Pier 96 Administration Building for office and training purposes; and

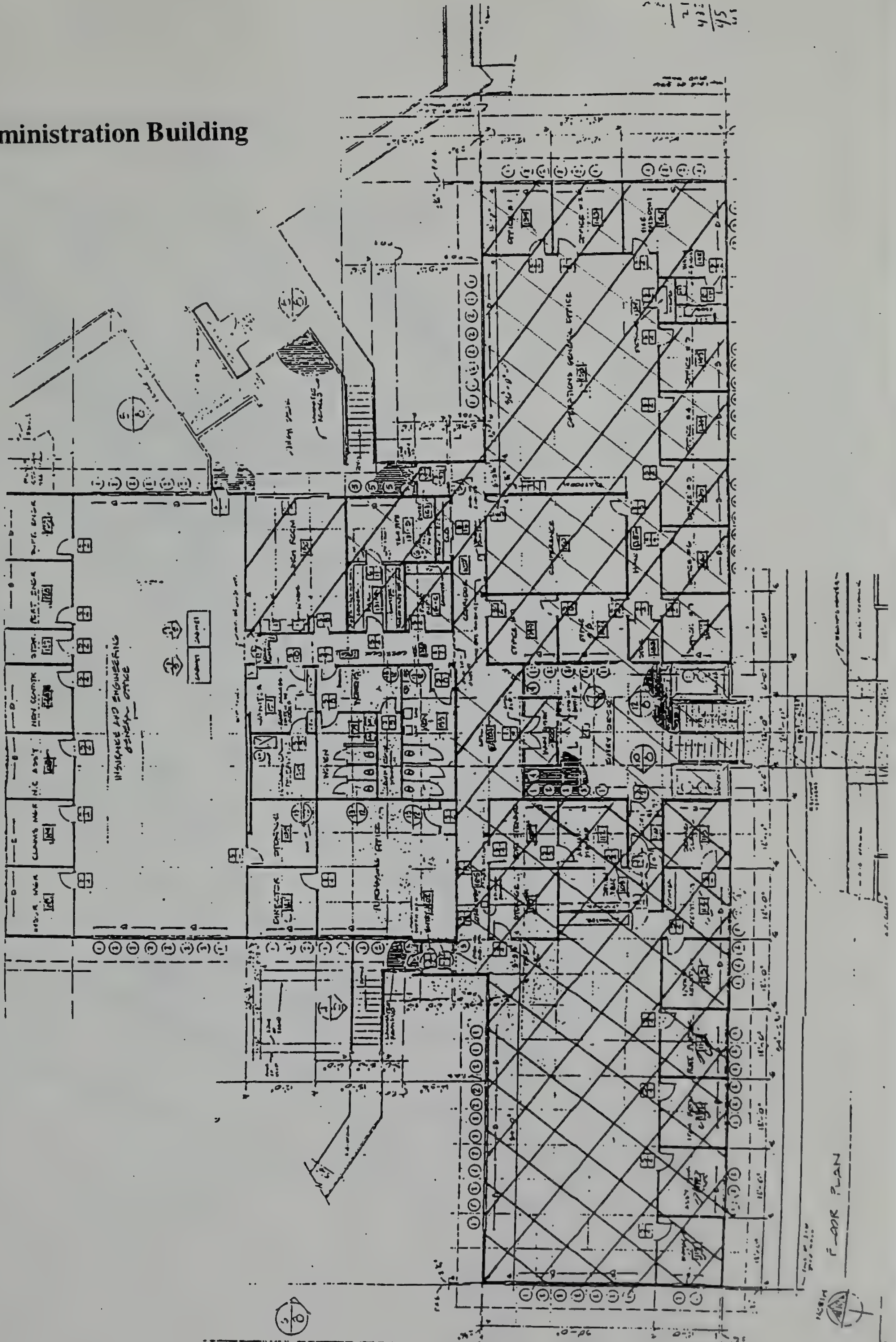
WHEREAS, the Youth For Service and the Port Real Estate staff have negotiated the terms of a lease (Lease No. 12826); now therefore be it

RESOLVED, that the San Francisco Port Commission hereby approves Lease No. L-12826 between the Port and the Youth For Service on the terms and conditions set forth in the memorandum for Item 4A of the Port Commission's September 14, 1999 meeting, a copy of which is on file with the Port Commission Secretary and in such form as is approved by the Executive Director, or his designee and the City Attorney.

I hereby certify that the Port Commission at its meeting of September 14, 1999 adopted the foregoing Resolution.

Secretary

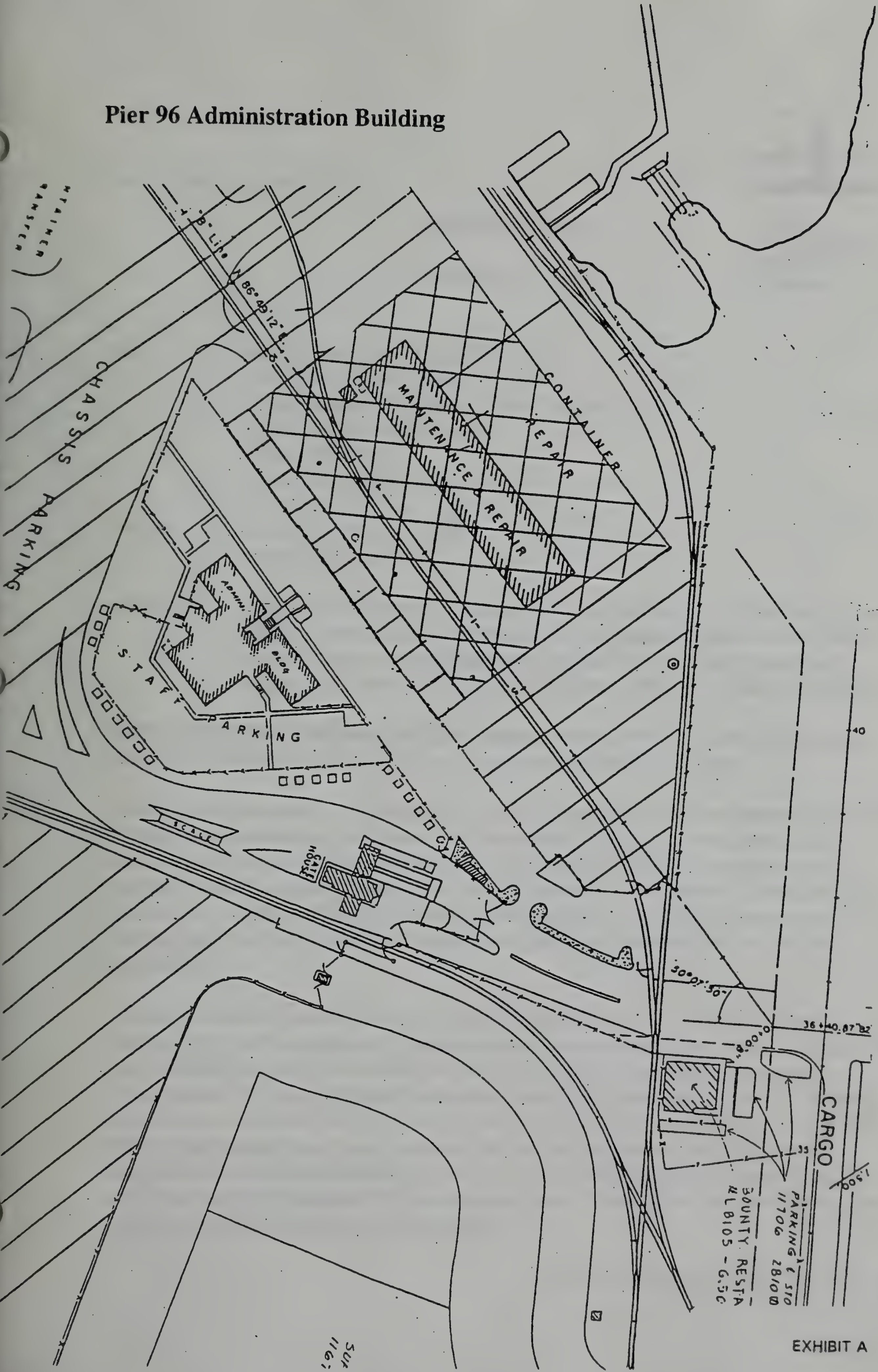
Pier 96 Administration Building



FLOOR PLAN
INSURANCE AND ENGINEERING GENERAL OFFICE
OPERATIONS GENERAL OFFICE
CONFERENCE
DIRECTOR
WOMEN

EXHIBIT A

Pier 96 Administration Building



CONTAINER TRANSFER
B-Line
86°43'12"E
CHASSIS PARKING
CONTAINER REPAIR
MAINTENANCE REPAIR
ADMIN BLDG
STAFF PARKING
SCALE
GATE HOUSE
50°07'30"
36+40.07 B2
40
35
CARGO
1500
PARKING & STO 11706 28100
BOUNTY RESTA #LB105 - G.5C
SUF 1161

EXHIBIT A

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 9, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Pius Lee
Hon. Brian McWilliams

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorize the Executive Director to Submit a Subzone Application for the Foreign-Trade Zone Board for the Non-Contiguous Expansion of Foreign Trade Zone No.3 to include San Francisco International Airport Fuel Storage and Delivery System and off-Airport Petroleum Storage Facilities.

DIRECTOR'S RECOMMENDATION: Authorize the Executive Director to submit a Subzone Application for SFO Fuel Inc. to the Foreign-Trade Zone Board.

Foreign-trade zones were established by the U.S. Congress in 1934 to stimulate economic development in communities by providing businesses with facilities for conducting international trade activities. Designation as a foreign-trade zone is granted by the Foreign Trade Zones Board within the U.S. Department of Commerce. Zones must be operated as a public utility and applications are granted to state or local government entities, port or airport authorities, economic development agencies and not-for-profit corporations.

Foreign or domestic merchandise may enter a foreign trade zone without a formal Customs entry or the payment of Custom duties or government excise taxes. While in the zone, merchandise may be sampled, relabeled, repackaged, assembled, processed or manufactured. If the final product is exported from the United States, no U.S. Customs duty or excise tax is levied. If, however, the final product is imported into the United States, Customs duty and excise taxes are due only at the time of transfer from the foreign-trade zone and formal entry in the U.S. The duty paid is the lower of that applicable to the product itself or its component parts. Thus, zones provide opportunities to realize customs duty savings by zone users.

This Print Covers Calendar Item No. 5A

Subzones are a special purpose type ancillary zone authorized by the Foreign Trade Board, through grantees of public zones, such as the Port of San Francisco, for operations that cannot be accommodated within an existing zone when it can be demonstrated that the activity will result in a significant public benefit.

In 1948, the Port of San Francisco, received a Grant of Authority to establish, operate and maintain a foreign trade zone in San Francisco. In April of 1998, the San Francisco Port Commission entered into a five-year operating agreement with Big C Traders, Inc. to serve as grantee for San Francisco Foreign Trade Zone No.3 at Piers 19/23. Shortly thereafter as a result of Big C Trading's marketing efforts, the Port Commission authorized a Foreign Trade Subzone application for Chevron USA's Richmond California refinery to the Foreign Trade Zone Board in Washington D.C.

Big C Traders has marketed the zone benefits to SFO Fuel Terminals LLC and is requesting that the Commission extend the benefits of zone status to the jet fuel storage and delivery facilities for San Francisco International Airport. The primary purpose of the requested extension is to permit the supply of jet fuel in foreign status to SFO for duty-free use on aircraft.

SFO Fuel Company LLC is a membership corporation organized by the major airlines at SFO to acquire and operate the airport fuel system. The proposed non-contiguous expansion of FTZ No.3 includes the facilities for the storage and delivery of jet fuel at SFO as well as the off-Airport terminals and pipeline segment described herein. The facilities consist of the jet storage tanks and delivery systems at the Equilon Enterprises LLC terminal in South San Francisco and the segment of the SFPP L.P. pipeline that connects those facilities with the Airport jet fuel tanks. This application also includes the petroleum terminal in Crockett, California owned by Shore Terminals LLC.

This application seeks zone status for the fuel storage and delivery systems described herein for the dual benefits of making foreign status jet fuel available at the Airport and permitting the commingling of all such fuel with the domestic fuel already in use. Zone status would provide an important outlet for foreign status jet fuel produced by domestic subzone refiners while avoiding the prohibitive costs of product segregation. The ability to commingle fuel from all sources would permit the most efficient operation of the fuel storage tanks described herein. The net effect of zone status would be to ensure competitive jet fuel process and reduce operating costs.

All legal documents, applications, and administrative reports pertaining to this subzone application will be prepared by SFO Fuel Company at their expense. All costs associated with running and managing the zone will be assumed by SFO Fuel Company. As grantee, the Port of San Francisco will receive an annual fee of $5,000, which is in accordance with Foreign Trade Zone Board rules and regulations which state that fees charged by the grantee should be the value of actual services rendered by the zone grantee or operator and reasonable out-of-pocket expenses.

Prepared by: Peter Dailey, Director of Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-71

WHEREAS, the Port of San Francisco, on March 10, 1948, received a Grant of Authority to Establish, Operate and Maintain Foreign-Trade Zone 3 in San Francisco, California; and

WHEREAS, Foreign Trade Zones were established to stimulate economic development in communities by providing businesses with facilities for conducting international trade; and

WHEREAS, SFO Fuel Company LLC which is a membership corporation organized by the major airlines at SFO to acquire and operate the fuel system, desire to have the SFO Fuel system designated a subzone Site of FTZ 3; and

WHEREAS, sub-zone status for the fuel storage and delivery systems provides the dual benefits of making foreign status jet fuel available at SFO and would permit commingling of all such fuel with domestic fuel already in use; and

WHEREAS, the ability to commingle from all sources would permit the most efficient operation of the fuel storage tanks and would help the airlines meet the demands for increased fuel use at SFO at the lowest assure possible costs, therefore, be it

RESOLVED, that the San Francisco Port Commission duly authorizes its Executive Director to submit a Subzone Application for SFO Fuel Company LLC to the Foreign-Trade Zone Board in Washington D.C.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 14, 1999.

____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 14, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Status Report on the Port of San Francisco's Economic Impact Report

Background

On December 17, 1998 the Port Commission authorized the issuance of a Request for Proposal for Consultant to Prepare an Economic Impact Report for the Port ("RFP") by Resolution #98-115. The RFP was issued on December 28, 1998, and a pre-proposal conference was held at the Port offices on January 11, 1998. Four proposals were received on January 28, 1999, and all four respondents were selected to be interviewed.

On March 23, 1999, the Port Commission authorized staff to award the contract to Martin Associates by Resolution #99-22. Martin Associates was established in 1985, and specializes as transportation economic consultants. They have extensive experience with a wide variety of port clients including the Ports of Oakland, Seattle, Portland, Vancouver, Baltimore, Houston, Richmond (VA), and Port Everglades (FL). Their Bay Area experience includes the San Francisco Airport, the San Jose Airport, and the Oakland Airport and Port.

This Print Covers Calendar Item No. 9A

Purpose of Economic Impact Report

The purpose of the Economic Impact Report is to describe the Port's role in the regional Bay Area and San Francisco economies, and to develop a model that the Port can use to test the sensitivity impacts of future development. Martin Associates has developed baseline impacts by Port lines of business, which include the following sectors:

- Real Estate
- Marine Cargo
- Ship Repair
- Cruise
- Fishing
- Port Administration
- Construction
- Film and Television Permits

The impacts of each category will be measured in terms of jobs (direct, induced and indirect), personal income, business revenue, and state and local taxes. The impact measurements are described as follows:

- *Direct Jobs* are the jobs reported by Port tenants as paid employees. They also include jobs that would not exist if Port operations were to cease. For example, direct jobs created by marine cargo activity at the Port include those jobs with the firms directly providing cargo handling and vessel services, including trucking companies, terminal operators and stevedores, members of the ILWU, freight forwarders and customs house brokers, vessel agents, and pilots and tug assist companies.

- *Induced Jobs* are jobs created by the purchases of goods and services by those individuals directly employed. These jobs are based on the local purchasing patterns of Bay Area residents. The induced jobs include jobs with grocery stores, restaurants, health care providers, retail stores, the local housing/construction industry, transportation services, and wholesalers providing goods to the retail industry.

- *Indirect Jobs* are created as a result of purchases for goods and services by the firms directly impacted by the Port. Such firms include real estate tenants, ship repair facilities, and the firms providing services to cargo and cruise passenger operations. The indirect jobs are measured based on actual local purchase patterns of the directly dependent firms, and occur in such industries as utilities, transportation services, office supplies, raw materials suppliers, maintenance and repair, and construction.

- *Personal Income* consists of wages and salaries received by those directly employed by Port activity. *Indirect personal income* measures the wages and salaries received by those indirectly employed by Port activity. They are used to measure the respending impact (or personal consumption activity) in the Bay Area.

- *Business* Revenue consists of total business receipts by firms providing services in support of the Port business lines identified above.

- *State and Local Taxes* include taxes paid by individuals as well as firms dependent upon Port cargo, cruise, ship repair and real estate activity.

Methodology and Timeline

In April, Port staff provided Martin Associates with a list of Port tenants to survey for the report. In addition, Executive Director Doug Wong sent a letter to each Port tenant requesting their cooperation with Martin Associates in their survey endeavors. It is important to note that Port tenants were guaranteed that all information would be kept in the strictest confidence and will not be available to Port staff or to any party other than the employees of Martin Associates. Only information summaries of broad industry groups will be used in the final report.

Between April and August Martin Associates interviewed 831 tenants and subtenants of the Port. This represents a 100% response rate from Port tenants. Each firm surveyed provided Martin Associates with detailed employment levels (full time and part time), annual payroll, local purchases and the zip code where each employee resides. In addition, Martin Associates interviewed another 50 maritime services companies such as freight forwarders, steamship companies, and cruise companies that provide maritime services to the Port.

Martin Associates has developed a proprietary model for the Port of San Francisco to allow the Port to test the sensitivity of the impacts to changes in economic conditions and facility utilization. The Port will be able to use the model to assess impacts such as alternative uses of a given property, the impacts of changes in such factors as marine tonnage and number of vessel calls, the evaluation of changes in type and size of cruises offered, the sensitivity of the impacts to changes in ship repair contracts.

On September 7, 1999, John Martin of Martin Associates met with Port Staff to discuss the preliminary results of the survey. Port Staff is currently working with Mr. Martin to ensure that Port tenants are included in the proper business category subcategories. It is anticipated that Martin Associates will have a draft final report for by early October, and that a final report will be available for distribution to the public by the first week in November.

Prepared by: Stephanie Downs, Finance Manager

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

DOCUMENTS DEPT.
OCT 0 8 1999
SAN FRANCISCO
PUBLIC LIBRARY

MINUTES OF THE REGULAR MEETING
SEPTEMBER 14, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 4:01 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Brian McWilliams and Pius Lee.

2. APPROVAL OF MINUTES - August 24, 1999 Special & Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the August 24, 1999 Special and Regular Meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Douglas Wong reported the following:

1) As part of preparation for the Millennium New Year's Eve, Port staff met with the Police Department, the lead agency for the event. The Port will form a cross-division working group to plan for the event. Anticipated activities include fireworks along the waterfront and musical entertainment in front of the Ferry Building. The Police Department estimates at least 100,000 people to be at the waterfront on New Year's Eve. On New Year's Eve, the Port's Emergency Operations Plan will be activated. Property Management, Maritime and Maintenance staff will be on duty to respond to emergencies and to assist the police department.

2) Last Friday, the Port's new floating drydock, Steadfast, was towed from the Ready Reserve fleet in Benicia to Pier 70. San Francisco Drydock is currently working to complete connections and hopes to have the Steadfast ready to handle its first vessel in early October. Support for our acquisition of this drydock came from Congresswoman Nancy Pelosi and the National Parks Department. It is particularly gratifying that one of the first vessels scheduled for the Steadfast is the ferryboat Eureka from the Hyde Street Maritime Museum that will be in drydock by mid-October. To commemorate the arrival of the drydock Steadfast, the Port and San Francisco Drydock will christen it when the Eureka is in drydock. Congresswoman Nancy Pelosi will be invited to help the Port celebrate this event.

4. CONSENT CALENDAR

A. Approval of six (6) month lease with Youth for Service at the Pier 96 Administration Building (Foot of Cargo Way). (Resolution No. 99-70)

Commissioner Hardeman acknowledged Orville Lester for his work with the Youth for Service.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-70 was adopted.

5. MARITIME

A. Authorization for the Executive Director to Submit a Subzone Application for SFO Fuel LLC to the Foreign Trade Zone Board. (Resolution No. 99-71)

Mr. Peter Dailey, Director of Maritime, requested Commission's approval to authorize the Executive Director to submit a subzone application for SFO Fuel LLC to the Foreign Trade Zone. Foreign Trade Zones were established by the U.S. Congress in 1934 to stimulate economic development in communities by providing businesses with facilities for conducting international trade activities. Subzones are a special purpose type ancillary zone authorized by the Foreign Trade Board, through grantees of public zones, such as the Port of San Francisco, for operations that cannot be accommodated within an existing zone when it can be demonstrated that the activity will result in a significant public benefit.

In 1948, the Port of San Francisco received a Grant of Authority to establish, operate and maintain a foreign trade zone in San Francisco. In April of 1998, the San Francisco Port Commission entered into a five-year operating agreement with Big C Traders, Inc. to serve as grantee for San Francisco Foreign Trade Zone No.3 at Piers 19/23. Shortly thereafter as a result of Big C Trading's marketing efforts, the Port Commission authorized a Foreign Trade Subzone application for Chevron USA's Richmond California refinery to the Foreign Trade Zone Board in Washington D.C.

Big C Traders has marketed the zone benefits to SFO Fuel Terminals LLC and is requesting that the Commission extend the benefits of zone status to the jet fuel storage and delivery facilities for San Francisco International Airport. The primary purpose of the requested extension is to permit the supply of jet fuel in foreign status to SFO for duty-free use on aircraft.

SFO Fuel Company LLC is a membership corporation organized by the major airlines at SFO to acquire and operate the airport fuel system. The proposed non-contiguous expansion of FTZ No.3 includes the facilities for the storage and delivery of jet fuel at SFO as well as the off-Airport terminals and pipeline segment described herein. The facilities consist of the jet storage tanks and

delivery systems at the Equilon Enterprises LLC terminal in South San Francisco and the segment of the SFPP L.P. pipeline that connects those facilities with the Airport jet fuel tanks. This application also includes the petroleum terminal in Crockett, California owned by Shore Terminals LLC.

This application seeks zone status for the fuel storage and delivery systems described herein for the dual benefits of making foreign status jet fuel available at the Airport and permitting the commingling of all such fuel with the domestic fuel already in use. Zone status would provide an important outlet for foreign status jet fuel produced by domestic subzone refiners while avoiding the prohibitive costs of product segregation. The ability to commingle fuel from all sources would permit the most efficient operation of the fuel storage tanks described herein. The net effect of zone status would be to ensure competitive jet fuel process and reduce operating costs.

All legal documents, applications, and administrative reports pertaining to this subzone application will be prepared by SFO Fuel Company at their expense. All costs associated with running and managing the zone will be assumed by SFO Fuel Company. As grantee, the Port of San Francisco will receive an annual fee of $5,000, which is in accordance with Foreign Trade Zone Board rules and regulations which state that fees charged by the grantee should be the value of actual services rendered by the zone grantee or operator and reasonable out-of-pocket expenses.

Claude Jacques, President of the Foreign Trade Zone, indicated that although the revenue that will be realized from this deal is minimal, the greater benefit would be the opportunity for FTZ to have a foothold at San Francisco International Airport. He hopes that this opportunity would bring more business to the Port and the FTZ.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 99-71 was adopted.

6. REAL ESTATE

7. FACILITIES & OPERATIONS

8. PLANNING & DEVELOPMENT

9. FINANCE & ADMINISTRATION

A. Status Report on the Port of San Francisco's Economic Impact Report.

Ben Kutnick, Director of Finance & Administration, indicated that the Port Commission authorized the issuance of a Request for Proposal for Consultant to prepare an Economic Impact Report for the Port on December 17, 1998. On March 23, 1999, the Port Commission authorized staff to award the contract to Martin

Associates. The purpose of the Economic Impact Report is to describe the Port's role in the regional Bay Area and San Francisco economies and to develop a model that the Port can use to test the sensitivity impacts of future development. Martin Associates developed baseline impacts by Port lines of business including real estate, marine cargo, ship repair, cruise, construction, etc.

Martin Associates has developed a proprietary model for the Port of San Francisco to allow the Port to test the sensitivity of the impacts of changes in economic conditions and facility utilization. The Port will be able to use the model to assess impacts such as alternative uses of a given property, the impacts of changes in such factors as marine tonnage and number of vessel calls, the evaluation of changes in type and size of cruises offered, the sensitivity of the impacts to changes in ship repair contracts.

Stephanie Downs, Finance Manager, indicated that in April, Port staff provided Martin Associates with a list of Port tenants to survey for the report. In addition, Executive Director Doug Wong sent a letter to each Port tenant requesting their cooperation with Martin Associates in their survey endeavors. The tenants were guaranteed that all information would be kept in the strictest confidence and will not be available to Port staff or to any party other than the employees of Martin Associates. Only information summaries of broad industry groups will be used in the final report.

Between April and August, Martin Associates interviewed 831 tenants and subtenants of the Port. This represented a 100% response rate from Port tenants. Each firm surveyed provided Martin Associates with detailed employment levels,, annual payroll, local purchases and the zip code where each employee resides. In addition, Martin Associates interviewed another 50 maritime services companies such as freight forwarders, steamship companies and cruise companies that provide maritime services to the Port.

On September 7, 1999, John Martin of Martin Associates met with Port staff to discuss the preliminary results of the survey. Port staff is currently working with Mr. Martin to ensure that Port tenants are included in the proper business category subcategories. The survey would be able show what the Port contributes to the City's General Fund. It is anticipated that Martin Associates will have a draft final report by early October and that a final report will be available for distribution to the public by the first week in November.

10. NEW BUSINESS / PUBLIC COMMENT

Mr. Jay Sayed of Camel Cruise gave the Commissioners a copy of his request for a permit to operate a camel cruise on the waterfront. Commissioner McCarthy directed the Executive Director to meet with Mr. Sayed about his request.

Mr. Kevin MacPhee, retired firefighter and chairman of the newly formed Slip Owners Association, asked the Commission's assistance to motivate Pier 39 to make the marina a safer, more stable and attractive place for their maritime investments. Their primary

issue is the lack of a west seawall. Because the west portion of the marina is unprotected by a breakwater, San Francisco's relentless surge causes continual major damage to boats and docks. In the winter of 1997-1998, thirty fingers were badly damaged, which required replacement at a cost of $150,000. To this day, some fingers are not passable, which places a burden on the liability of the slip owners. He estimated that the yearly cost of $150,000-$200,000 for the marina's upkeep is being absorbed by the slip owners because of management's poor maintenance policy. He asked the Commission for assistance on this matter. Commissioner McCarthy directed the Executive Director to investigate this matter.

Mr. Steve Riley thanked the Commission for hearing his request at the last meeting. He also thanked Paul Osmundson for working with him and granting his request for parking at Java House.

Commissioner McWilliams requested that an item be placed on the next Commission agenda in support of a video being produced entitled, Fighting the Tide.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 4:26 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.***

a. Property: Piers 27-31
Person Negotiating: Port of San Francisco: Kirk Bennett, Manager, Waterfront Development Projects

b. Property: Boondocks Restaurant, Pier 28
Person Negotiating: Port of San Francisco: Mark Lozovoy, Commercial Property Manager
*Boondocks: Jim Kennedy

c. Property: Pier 35
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning and Development.
*Majestic Group, LLC: Christopher Kyte

d. Property: Rincon Park Restaurant at Folsom and Embarcadero
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning and Development.
*Nice Ventures Inc.: Reed Hearon

e. Property: Broadway Hotel Property Seawall Lot 322-1, 323, 324
Person Negotiating: Port of San Francisco: Jennifer Sobol, Development Project Coordinator
*Stanford Hospitality, Inc.: Antony Carter
THIS ITEM WAS PUT OVER TO THE NEXT MEETING.

f. Property: South Beach Redevelopment Lease Area
Person Negotiating: Port of San Francisco: Mark Lozovoy, Senior Property Manager and Kari Kilstrom, Port Planner
*Redevelopment Agency: Amy Neches, Project Manager

g. Property: Piers 3 and 5
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Hornblower: Terry McCray
*Putnam/Lovell: Don Putnam

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (two cases).
_X_ As Defendant __ As Plaintiff

b. Initiation of litigation pursuant to subdivision (c) of California Government Code Section 54956.9 (two cases).
__ As Defendant _X_ As Plaintiff

12. RECONVENE IN OPEN SESSION

At 7:50 p.m., Commissioners McCarthy, Brandon, Hardeman, McWilliams and Lee returned from executive session and convened in public session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 7:50 p.m.

DOCUMENTS DEPT.
SEP 1 0 1999
SAN FRANCISCO
PUBLIC LIBRARY

09-10-99 12:

PORT OF SAN FRANCISCO

5

8/99
nceled

21/99
ecial

NOTICE OF SPECIAL MEETING

THE PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, SEPTEMBER 28, 1999 AT 4:00 P.M.
IS CANCELLED

A SPECIAL PORT COMMISSION MEETING
IS SCHEDULED FOR

TUESDAY, SEPTEMBER 21, 1999 AT 3:00 P.M.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

SAN FRANCISCO
PORT COMMISSION

DOCUMENTS DEPT.

SEP 17 1999

SAN FRANCISCO
PUBLIC LIBRARY

Fax copy 1st Posted 9/16/99 S

SPECIAL MEETING
3:00 P.M., TUESDAY, SEPTEMBER 21, 1999
Ferry Building, Suite 3100, San Francisco, CA 94111

AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS/PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.

a. Property: Broadway Hotel Property Seawall Lot 322-1, 323, 324
Person Negotiating: Port of San Francisco: Jennifer Sobol, Development Project Coordinator
*Stanford Hospitality, Inc.: Antony Carter

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Stanford Hospitality, Inc. regarding the Broadway Hotel Property located at SWL 322-1, 323, 324.

b. Property: Seawall Lot 347S
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Redevelopment Agency: James Morales, Executive Director

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and Redevelopment Agency for the property located at Seawall Lot 347S.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (two cases).
_X_ As Defendant _X_ As Plaintiff

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1 and San Francisco Administrative Code 67.14.

5. ADJOURNMENT

SAN FRANCISCO PORT COMMISSION

Agenda

SPECIAL MEETING
3:00 P.M., TUESDAY, SEPTEMBER 21, 1999
Ferry Building, Suite 3100, San Francisco, CA 94111

DOCUMENTS DEPT.
SEP 2 0 1999
SAN FRANCISCO
PUBLIC LIBRARY

/99 Special 3:00pm
ndum

ADDENDUM

3. EXECUTIVE SESSION

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

c. Property: Ferry Building
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Wilson-Cornerstone: Richard Springwater

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real estate negotiations between the Port and Wilson-Cornerstone regarding the Ferry Building Renovation Project.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

b. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case).

- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC

SAN FRANCISCO PORT COMMISSION

SEPTEMBER 21, 1999
MINUTES OF THE SPECIAL MEETING

DOCUMENTS DEPT.
OCT 0 8 1999
SAN FRANCISCO
PUBLIC LIBRARY

MEMBERS, PORT COMMISSION

HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. BRIAN McWILLIAMS
HON. PIUS LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
SEPTEMBER 21, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 3:10 p.m. Commissioners Denise McCarthy, Michael Hardeman, and Pius Lee were present. Commissioner Brian McWilliams arrived at 3:15 p.m. Commissioner Kimberly Brandon was not present.

2. NEW BUSINESS/PUBLIC COMMENT

Commissioner Lee asked for a moment of silence in memory of the earthquake victims in Taiwan.

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 3:10 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.***

a. Property: Broadway Hotel Property Seawall Lot 322-1, 323, 324
Person Negotiating: Port of San Francisco: Jennifer Sobol, Development Project Coordinator
*Stanford Hospitality, Inc.: Antony Carter

b. Property: Seawall Lot 347S
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Redevelopment Agency: James Morales, Executive Director

c. Property: Ferry Building
Person Negotiating: Port of San Francisco: Paul Osmundson, Director of Planning & Development
*Wilson-Cornerstone: Richard Springwater

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (two cases).
_X_ As Defendant _X_ As Plaintiff

b. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case).

- Peer Inn, Federal Bankruptcy Court, Case No. 98-31586TC

4. RECONVENE IN OPEN SESSION

At 4:20 p.m., Commissioners McCarthy, Hardeman, McWilliams and Lee returned from executive session and convened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:22 p.m.

SAN FRANCISCO PORT COMMISSION

DOCUMENTS DEPT.
SEP 17 1999
SAN FRANCISCO
PUBLIC LIBRARY

SPECIAL MEETING
4:00 P.M., TUESDAY, SEPTEMBER 21, 1999
Ferry Building, Suite 3100, San Francisco, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - September 14, 1999 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **CONSENT CALENDAR**

   A. Approval of a month-to-month lease with the United States Postal Service for a driver training facility at Pier 96. (Resolution No. 99-76)

5. **MARITIME**

6. **REAL ESTATE**

   A. Approval of action by China Basin Ballpark Company LLC to authorize subtenant, Imperial Parking, to transfer a portion of the Premises at Seawall Lot 337 (located at the corner of Third Street and Terry Francois Blvd., south of China Basin Channel) for temporary tent-based entertainment use in February and March 2000 including parking related to the entertainment use for less than 1000 automobiles. (Resolution No. 99-73)

   B. Authorization for Executive Director to enter into a Consent and Acknowledgement Agreement with China Basin Ballpark Company LLC (CBBC) regarding a proposed Access Sublease between CBBC and the Redevelopment Agency pursuant to Port leases in the South Beach Marina area. (Resolution No. 99-74)

7. **FACILITIES & OPERATIONS**

   A. Authorization to award Contract No. 2662, "Maintenance Dredging" to Dutra Dredging, Inc. (Resolution No. 99-75)

8. PLANNING & DEVELOPMENT

A. Authorization to Issue a Request for Proposals for the Development and Lease of Piers 27-31 for a Mixed-Use Recreation Project. (Resolution No. 99-72)

9. FINANCE & ADMINISTRATION

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

SAN FRANCISCO
PORT COMMISSION

Agenda

SPECIAL MEETING
4:00 P.M., TUESDAY, SEPTEMBER 21, 1999
Ferry Building, Suite 3100, San Francisco, CA 94111

/99
al 4.00p.m
ndum

ADDENDUM

4. CONSENT CALENDAR

B. Amendment to lease for Ferry Building with Ferry Building Investors, LLC regarding distribution of refinancing and sale proceeds. (Resolution No. 99-77)

DOCUMENTS DEPT.
SEP 2 0 1999
SAN FRANCISCO
PUBLIC LIBRARY

DOCUMENTS DEPT.
SEP 17 1999
SAN FRANCISCO
PUBLIC LIBRARY

PUBLIC MEETINGS
SEPTEMBER -OCTOBER 1999

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
Tuesday, Sep. 21	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Sep. 21 ***(Cancelled)***	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Tuesday, Sep. 21 ***(Special Meeting)***	3:00 p.m.	Port Commission	Port Commission Room Ferry Building
Wednesday, Sep. 22	9:00 a.m.	Pre-submittal Conference Pier 45 Shed A RFP	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Sep. 28 ***(Cancelled)***	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Tuesday, Oct. 12	4:00 p.m.	Port Commission	Port Commission Room Ferry Building
Monday, Oct. 18	5:30 p.m.	Southeast Waterfront Advisory Group	Port Commission Room Ferry Building
Tuesday, Oct. 19	9:00 a.m.	Pier 45 Advisory Group	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Oct. 19	11:00 a.m.	Waterfront Design Advisory Committee	Executive Conf. Room Ferry Building
Wednesday, Oct. 20	9:00 a.m.	Pre-submittal Conference Pier 45 Shed A RFP	Scoma's Restaurant Pier 47, Fisherman's Wharf
Tuesday, Oct. 26	4:00 p.m.	Port Commission	Port Commission Room Ferry Building

09-17-99P [illegible] RCVD

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 4:00 p.m.. Contact Amy Quesada, Port Commission Secretary at 274-0406, to be placed on the mailing list for Commission meeting agendas.

The Pier 45 Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47, Fisherman's Wharf.

The Northeast Waterfront Advisory Group does not have any meetings scheduled for October.

The Rincon Point-South Beach CAC meets every third Monday of the month from 5:00 to 7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). The September 20th meeting has been rescheduled to September 22nd at 5 p.m. Please contact Amy Neches, Redevelopment Agency, at 749-2450 for more information.

Port Website

Check out the Port's Website at **www.sfport.com**

Questions/Contacts

Pier 45 Advisory Group	Kirk Bennett	274-0545
Northeast Waterfront Advisory Group	Kirk Bennett	274-0545
Bryant Street Pier Advisory Group	Anne Cook	274-0483
Southern Waterfront Advisory Committee	Braj Norris	274-0540
Port of San Francisco Reception	Liz Fitzgerald	274-0400

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

Accessible parking is provided in the small parking lots adjacent to the Ferry Building; three spaces in the north lot and two spaces in the south lot. These spaces are usually full during business hours. Due to the ongoing construction of the Mid-Embarcadero Roadway Project there are currently no curbside passenger unloading and loading areas. The area of the north parking lot adjacent to the north building entrance should be used for this purpose. Parking is available at Rincon (Spear between Mission & Howard), One Market Plaza (Spear between Market & Mission), Embarcadero Center 4 (Clay between Davis & Drumm) and 50 California Garage (Sacramento between Davis & Drumm).

There are two accessible entrances into the World Trade Center (north wing of the Ferry Building); one on the north and the main entrance on the west (Embarcadero). The west entrance is provided with two doors in series that can be operated automatically. Both entrances lead to the elevator lobby. The two elevators are accessible and lead to the third floor location of the Port of San Francisco's office, Room 3100. The ramp from the lobby to the third floor is too steep to be considered an accessible path of travel. Public restrooms and drinking fountains on the first floor of the World Trade Center (north wing of the Ferry Building) are accessible, as well as the central restrooms within the Port's office area.

Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting: (1) American Sign Language Interpreters; (2) A Sound Enhancement System; (3) The use of a reader during the meeting and (4) copies of the agenda or minutes of the meeting in alternative formats. Please contact Kevin Jensen, the Port's ADA Coordinator at (415) 274-0555. Late requests will be honored if possible. Please contact the Commission Secretary at (415) 274-0406 should you require large print of the agenda.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

San Francisco Lobbyist Ordinance

Attention: Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Admin. Code 16.520 – 16.534) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, phone (415) 554-9510 or fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 16, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of month-to-month lease with the United States Postal Service for a driver training facility at Pier 96.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background:

The United States Postal Service ("USPS") is a former Port tenant at Seawall Lot 337 where they operated a driver training facility from April 1985 until April 1999. The USPS agreemen at SWL 337 was terminated to accommodate the Commission approved parking lot lease with the China Basin Ballpark Company.

The USPS still desires to operate a driver training facility in the San Francisco area and has proposed leasing 40,000 square feet of open and paved land at Pier 96. The base rent for the lease is $8,000.00 ($0.20 per square feet) per month. The City & County of San Francisco Planning Department, Office of Environmental Review declared this use categorically exempt on May 22, 1999. The lease will commence after Commission approval.

The proposed USPS lease at Pier 96 requires Port Commission approval because the Federal Government requires use of their unique lease document. All terms of the lease are within Commission approved parameters. Port Legal Counsel has reviewed the lease document and approve it as to form.

This Print Covers Calendar Item No. **4A**

Proposed Terms:

1. Premises: Approximately 40,000 sq. ft. of open and paved spaced located at Pier 96.
2. Term: The month-to-month term shall commence after Commission approval of the lease.
3. Use: The use shall be for a driver training facility.
4. Base Rent: The Base Rent shall be $8,000.00 per month ($0.20 per sq. ft.)

Recommendation:

Port staff has concluded that the proposed rental rate is fair market rent for the Premises. Port Legal Counsel has approved the lease document as to form. The City Planning Department, Office of Environmental Review has granted categorically exemption status to the proposed use. Port staff recommends approval of Lease No. 12754 with the United States Postal Service.

Prepared by: Phil Williamson, Property Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-76

WHEREAS, Section B 3.581 of the City Charter empowers the Port Commission of San Francisco (the Commission) with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Section B 3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, the United States Postal Service ("USPS") has proposed to lease approximately 40,000 sq. ft. of open and paved spaced located at Pier 96 for the purposes of operating a driver training facility; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby approves Lease No. 12754, between the Port Commission and the United States Postal Service on the terms and conditions outlined in the memorandum to the Port Commission for Agenda Item No. 4A of the Port Commission meeting on September 21, 1999, and the Port Commission authorizes the Executive Director of the Port, or his designee, to execute the same on behalf of the Port in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 21, 1999.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 17, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong PO
Executive Director for

SUBJECT: Approval of action by China Basin Ballpark Company LLC to authorize subtenant, Imperial Parking, to transfer a portion of the Premises at Seawall Lot 337 for temporary tent-based entertainment use in February and March 2000 including parking related to the tent-based entertainment use for less than 1000 automobiles. (Resolution 99-73)

DIRECTOR'S RECOMMENDATION: APPROVE TENANT'S AUTHORIZATION OF SUBTENANT'S TRANSFER

A. BALLPARK PARKING LEASE AND SUBLEASE.

The China Basin Ballpark Company, LLC (herein "CBBC") entered into a Lease for 619,317 square feet (14.2 acres) of paved land at Seawall Lot 337 on November 26, 1997, to be used for parking for the new Pac Bell Park. This Lease was approved by the Port Commission on September 9, 1997 (Resolution 97-78). The Lease anticipated that CBBC might engage a parking operator to develop and manage the parking lot. CBBC chose Imperial Parking, Inc. (herein "Imperial") to fulfill that role as sublessee. This sublease was approved by the Port Commission on July 28, 1998 (Resolution 98-71). Per the Lease, CBBC is now requesting Port Commission approval authorizing their approval of an Imperial transfer of a portion of the Premises pursuant to a "license agreement," which transfer is subject to Port Commission approval. The transferee, Cirque du Soliel (herein "Cirque") proposes to use the site for tent-based entertainment with accessory non-ballpark-related parking.

B. PORT STANDARD FOR CONSENT.

Under Section 21 of the Lease, the Port retains the right to review and approve any and all transfers of an interest in the Premises under the Lease, which approval is not to be

This Print Covers Calendar Item No. 6A

unreasonably withheld. Section 21 of the Lease provides that the Port may condition its consent on requiring; (i) that the transfer agreement contain an indemnification and waiver identical to that set forth in the Lease, and (ii) a clause requiring the Port and City to be named as additional insureds

C. PORT REVIEW OF CIRQUE AS SUB-SUBTENANT.

CBBC and Imperial recognize Port's right of consent to any and all transfers of the premises and have presented oral and written information requested by Port staff regarding the proposed transfer to Cirque.

Based on its review of these materials, and representations from CBBC's staff Port staff has determined that the transfer agreement to Cirque meets the Port's conditions (i) and (ii) described above requiring indemnities and insurance. Further, CBBC and its subtenant Imperial have not been released from their respective obligations under the Lease and Sub-lease, including Mitigation Measures imposed as a condition of approval of the Lease, to the extent applicable to the activities contemplated under the subject transfer agreement.

D. INCREASE IN NET-OPERATING REVENUE.

Under Section 5.3(a) of the Lease, the Port's approval of any use of the Premises other than the parking of bicycles and motor vehicles inures to Port the right to receive a greater proportion of Net Operating Revenue derived from such approved uses. In granting authorization to CBBC for the approval of Imperial's transfer for this use and making the opportunity for such use available, any revenue received from this use will be included as Net Operating Revenue under the Lease.

E. FINANCIAL BENEFIT TO PORT.

Per Lease Section 5.3(a), capital improvement expenses are an allowed deduction from Net Operating Revenue prior to payment of Percentage Rent by CBBC. By authorizing CBBC to approve Imperial's transfer of the premises for this tent-based entertainment use and by requiring all revenue received from this use to be treated as Net Operating Revenue under the Lease, the amortization of CBBC's improvement expenses will occur sooner in the lease term allowing for earlier, and thus additional, Percentage Rent payments by CBBC to Port. Further, any Cirque-related expenses would not be counted as capital improvement expenses in the calculation of Net Operating Revenue under the Lease.

F. PROPOSED TRANSFER AGREEMENT TERMS.

The fundamental business terms of the transfer agreement are set forth below:

1. **Premises**: 619,317 square feet (14.2 acres) of paved land located at Seawall Lot 337 on the south side of China Basin. A Site Plan of the Premises is attached to this Agenda Summary as Exhibit A. Only a portion will be made available for the direct use of the transferee, the subtenant Imperial will retain the portion devoted to parking related to the use.

2. **Term**: The term of the transfer agreement is for the period commencing on or about January 10, 2000 and terminating on March 30, 2000.

3. **Use**: Tent-based entertainment with capacity not to exceed 3,000 persons and parking for not more than 1,000 automobiles related to the tent-based entertainment use. The specific permitted uses, excerpted from the transfer agreement between Cirque and Imperial is attached as Exhibit B.

G. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Port Commission authorization of CBBC's approval of its subtenant's transfer agreement for the above described tent based entertainment use and related parking is categorically exempt from CEQA pursuant to Public Resources Code Section 21084 and CEQA Guidelines Section 15304 under Class IV (e) as a Minor Alteration to Land for a minor temporary use such as a carnival.

Prepared by: Phil Williamson, Commercial Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-73

WHEREAS,	Charter Section B3.581 empowers the Port commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
WHEREAS,	The Port Commission approved the terms of a lease with the China Basin Ballpark Company, LLC ("CBBC") on September 9, 1997 (Resolution 97-78); and
WHEREAS,	The Port Commission approved terms of a sublease to Imperial Parking, Inc., a Delaware corporation ("Imperial") on July 28, 1998 (Resolution 98-71); and
WHEREAS,	Port Commission approval is being sought to authorize CBBC's approval of a transfer agreement between subtenant Imperial and Cirque du Soliel, the terms of which are set forth in the Memorandum of Agenda Item 6A for the Port Commission meeting of September 21, 1999;
WHEREAS,	This tent-based entertainment use, as a temporary use, is subject to a categorical exemption under the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21084, and CEQA Guidelines Section 15304 as a Class IV (e) use involving minor alterations to land for a temporary use such as a carnival; and now, therefore, be it
RESOLVED,	that the Port Commission hereby authorizes CBBC to approve Imperial's transfer agreement incorporating the terms set forth in the Memorandum of Agenda Item 6A for the Port Commission meeting on September 21, 1999, substantially in the form on file with the Port Commission Secretary for this item; and be it further
RESOLVED,	that the Port Commission hereby authorizes the Executive Director to take all such further action as is required to further the intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 21, 1999.

____
Secretary

G:\WP51\AGENDAS\CBBCandImperialCirqueSublease.doc

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN FRANCISCO, CITY OF SAN FRANCISCO, DESCRIBED AS FOLLOWS:

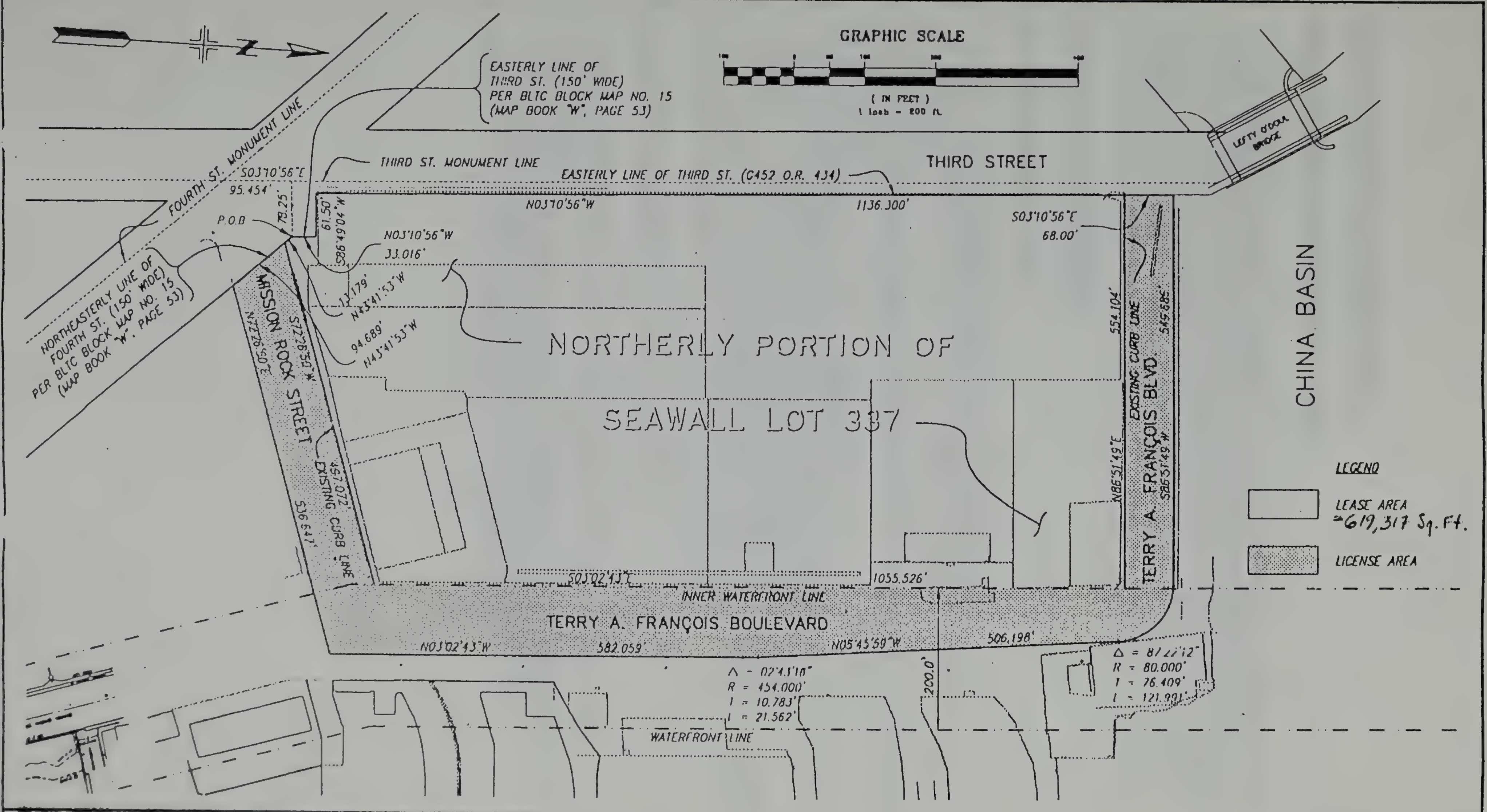
TRACT I:

A LEASEHOLD CREATED BY THAT CERTAIN GROUND LEASE BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO, THROUGH THE SAN FRANCISCO PORT COMMISSION, AS LANDLORD, AND CHINA BASIN BALLPARK COMPANY LLC, AS TENANT, DATED AS OF NOVEMBER 26, 1997 (THE "LEASE") IN THE FOLLOWING DESCRIBED LAND:

A PORTION OF SEAWALL LOT 337, MISSION ROCK STREET AND TERRY FRANCOIS BOULEVARD, FORMERLY CHINA BASIN STREET, AS THE SAME ARE SHOWN ON THAT PARTICULAR MAP ENTITLED "SURVEY C" OF THE HARBOR COORDINATE SURVEY, SHEET NUMBER 8127-416-2, ON FILE AT THE OFFICE OF THE SAN FRANCISCO PORT COMMISSION CHIEF HARBOR ENGINEER, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF FOURTH STREET (150 FEET WIDE) WITH THE EASTERLY LINE OF THIRD STREET (150 FEET WIDE), AS SAID STREETS ARE SHOWN ON THAT CERTAIN MAP ENTITLED "RECORD OF SURVEY MAP C MISSION BAY", RECORDED JULY 28, 1992, BOOK Y OF RECORDS OF SURVEY AT PAGES 62-8 (REEL F679, IMAGE 620), IN THE OFFICE OF THE RECORDER OF THE CITY AND COUNTY OF SAN FRANCISCO STATE OF CALIFORNIA; THENCE ALONG SAID LINE OF THIRD STREET NORTH 03° 10' 56" WEST 33.016 FEET TO AN ANGLE POINT IN THE EASTERLY LINE OF THIRD STREET, AS SAID THIRD STREET APPEARS AFTER THE VACATION OF A PORTION THEREOF PER ORDINANCE NUMBER 271-95 RECORDED AUGUST 24, 1995, IN REEL G452, IMAGE 435, OFFICIAL RECORDS; THENCE ALONG THE EASTERLY LINE OF THIRD STREET, AS SAID STREET APPEARS AFTER SAID VACATION, THE FOLLOWING COURSES AND DISTANCES: SOUTH 86° 49' 04" WEST 61.50 FEET; NORTH 03° 10' 56" WEST 1130.097 FEET TO THE NORTHERLY LINE OF SEAWALL LOT 337; THENCE CONTINUING NORTH 03° 10' 56" WEST ALONG SAID LINE OF THIRD STREET 6.203 FEET TO ITS INTERSECTION WITH THE SOUTHERLY CURB LINE OF TERRY FRANCOIS BOULEVARD; THENCE NORTH 86° 51' 49" EAST 554.104 FEET ALONG SAID CURB LINE AND ITS EASTERLY PROLONGATION, TO ITS INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE EASTERLY LINE OF SEAWAL LOT 337, WHICH LINE IS ALSO KNOWN AS THE INNER WATERFRONT LINE; THENCE SOUTH 0 02' 43" EAST 5.76 FEET ALONG SAID INNER WATERFRONT LINE TO THE NORTHEASTERLY CORNER OF SEAWALL LOT 337, WHICH CORNER IS SHOWN AS POINT CC ON SAID SURVEY "C" MAP; THENCE CONTINUING SOUTH 03° 02' 43" EAST 1,049.766 FEET ALONG THE EASTERLY LINE OF SEAWALL LOT 337 TO ITS INTERSECTION WITH THE NORTHEASTERLY PROLONGATION OF THE NORTHERLY CURB LINE OF MISSION ROCK STREET; THENCE SOUT 72° 26' 50" WEST 497.072 FEET ALONG LAST SAID CURB LINE OF MISSION ROCK STREET AND ITS SOUTHWESTERLY PROLONGATION TO THE NORTHEASTERLY LINE OF SAID FOURTH STREET; THENCE ALONG SAID LINE OF FOURTH STREET NORTH 43° 41' 53" WEST 13.179 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL SUBSURFACE MINERAL DEPOSITS, INCLUDING OIL AND GAS DEPOSITS, TOGETHER WITH THE RIGHT FOR EXPLORATION, DRILLING AND EXTRACTION OF SUCH MINERAL, OIL AND GAS DEPOSITS, BUT WITHOUT THE RIGHT OF SURFACE ENTRY, AS EXCEPTED AND RESERVED BY THE STATE OF CALIFORNIA IN CHAPTERS 1333, STATUTES 1968 AND AMENDMENTS THERETO, AND UPON THE TERMS AND PROVISIONS SET FORTH THEREIN.


GRAPHIC SCALE
(IN FEET)
1 inch = 200 ft.
EASTERLY LINE OF THIRD ST. (150' WIDE) PER BLTC BLOCK MAP NO. 15 (MAP BOOK "W", PAGE 53)
THIRD ST. MONUMENT LINE
EASTERLY LINE OF THIRD ST. (C452 O.R. 434)
THIRD STREET
LEFTY O'DOUL BRIDGE
FOURTH ST. MONUMENT LINE
S03°10'56"E
95.454'
78.25'
P.O.B
61.50'
S86°49'04"W
N03°10'56"W
1136.300'
S03°10'56"E
68.00'
N03°10'56"W
33.016'
13.179'
N43°41'53"W
94.689'
N43°41'53"W
NORTHEASTERLY LINE OF FOURTH ST. (150' WIDE) PER BLTC BLOCK MAP NO. 15 (MAP BOOK "W", PAGE 53)
MISSION ROCK STREET
N72°26'50"E
S72°26'50"W
457.072'
EXISTING CURB LINE
536.643'
NORTHERLY PORTION OF
SEAWALL LOT 337
554.104'
N86°51'49"E
EXISTING CURB LINE
TERRY A. FRANÇOIS BLVD.
S86°51'49"W
545.685'
CHINA BASIN
S03°02'43"E
1055.526'
INNER WATERFRONT LINE
TERRY A. FRANÇOIS BOULEVARD
N03°02'43"W
382.059'
N05°45'59"W
506.198'
Δ = 02°43'10"
R = 454.000'
T = 10.783'
L = 21.562'
200.0'
Δ = 87°22'12"
R = 80.000'
T = 76.409'
L = 121.991'
WATERFRONT LINE
LEGEND
LEASE AREA
≈619,317 Sq. Ft.
LICENSE AREA

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE ________

CHIEF ENGINEER

CONTRACT NO.

PORT OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
DEPARTMENT OF ENGINEERING

EXHIBIT A
SEAWALL LOT 337 LEASE
AND ACCESS LICENSE AREA

IN CHARGE OF:	C. HO
DRAWN BY:	AWN
DATA FILES:	PORT SURVEY "C"
DRAWING NO.	PKLOT4.DWG
DATE:	19 NOV 97
SCALE:	1" = 200'
NO.	1 OF 1

List of activities on site in chronological order

Start of the Occupation period (January 10, 2000)

- If site is leveled, no asphalt work is required from a technical viewpoint. Asphalt pads/ramps required at entrance to VIP and concession tents to bridge cables. Depending on lie of the land, a six inch high by six inch wide perimeter wall of asphalt can be laid around the big top, VIP and concession tents to prevent rain water draining off through the said tents. If leveling work is required, this would be done prior to site marking, ie 13th & 14th January all other asphalting would be achieved during the regular set up that takes place from January 26th. .

- Removal of lamposts if applicable

Pre-marking (January 17, 2000)

- The site is marked to determine the exact location of equipment on site.
- An 8-feet chain-link fence fences the site. A local contractor generally drives the fence poles to a depth of 4 feet.
- Approximately 800 stakes of 4 feet deep and 2 inches wide are planted into the ground in order to hold the tents.
- Rental office trailers arrive on site on January 24, 2000.
- Connection to the utilities is made: to the sanitary sewer, the potable water, the phone lines in cooperation with relevant suppliers, service company's or site owner designates.
- Depending on the site plan and location of facilities, we may have to dig a trench one foot deep by one foot wide to run telephone lines and/or electrical cables and/or water pipes if any of the above need to be routed across a site entrance (approx twenty feet).

Set-up period (January 26, 2000 - February 2, 2000)

- All the 42 trucks arrived and are parked on the site and remain for the duration of the occupation period.
- The main tent (Big Top) is raised with the seven other tents (1-artistic, 2 concession tents, 1-VIP tent 2 - 20feet x 20ft concession tents and 2 – 20feet X 20feet storage tents)
- Inspections by the different municipal authorities are being performed.

EXHIBIT B-1

Normal operations – show period (February 1, 2000 – March 26, 2000)

- 1500 gallons of diesel is brought every Tuesday and Friday on the site and delivered by fuel tanker
- Twenty 33lb rented tanks are used every city plus two 500 gallon propane tanks (one for kitchen one for washrooms) and filled every three weeks
- Other material kept on premises: Oxy-acetylene welding equipment, paints, lubricant solvents, used oil stored in recycling containers etc.
- Garbage dumpster (40 cu yard) is removed by local service plus relevant recycling services (2 x 8cu yard dumpsters)
- In the kitchen facilities, there is a certified sprinkler system plus locally certified fire extinguishers.
- Flash boxes are used during the performance. This is performed under the supervision of a licensed pyrotechnician. Pyro is stored in truck '39' (locked) in a locked pyrotechnic safe.
- The perimeter is secured 24h by three security guards allowing access to id badge holders only.
- The shows last 2 ½ hours.
- The sound of the music of the show can be heard at 80 decibels at 100 feet from the main tent.
- The maximum decibel level we reach during a show, inside the Big Top, is 105 – 106 db.
- There are 5 lights on each of the four masts of the big top 1 @ 1000 watts, 3 @ 400 watts and 1 @ 250 watts on the top of the masts that are 80 feet high each.
- There can be up to 2,500 patrons attending each show.
- The average number of cars expected are 800 cars per performance
- The latest a show can go is 12:00am.
- In general, 45minutes after the performance, all patrons have left the site and the parking lot is empty.
- There are nine (9) generators in three units to provide 2050 Kva power to the site. The noise level generated by HVAC equipment is approximately 80db at 100 feet.
- Total load (road weight) of the fully loaded trucks plus tractor units is 1094 tons.
- There are no on-site residents.
- Other than at performance periods, there are about 60 staff members on the site.
- We place sponsor signs and visibility elements on the site facing inward the site.
- There will be directional signage place outside the barricade.

Tear-down (March 27, 2000 – March 29, 2000)

- The equipment is put back into trucks
- Three days after the last show, the remaining equipment is loaded into trucks
- The asphalt contractor comes in to repair holes in the ground.
- The fencing company removes the chain-link fence.

Return of the site (March 31, 2000)

- On the last day of the occupation period, a representative of Imperial Parking and Cirque inspect the site to confirm that site is back to original condition. Both parties' sign the release included in the lease agreement.

EXHIBIT B-2

3. USE OF SITE

3.1 The Site shall be used and occupied by Cirque throughout the Occupation Period solely for the purposes of presenting to the public performances of the Show and the following activities:

3.1.1 the necessary preparation and installation of Cirque's equipment on the Site for the presentation of the Show, including, without restriction, tents, signs, fences, generators, chillers, lighting equipment, tanks containing diesel and propane as fuel for the generators and chillers, and driving stakes into the ground to hold the tents;

3.1.2 the operation of concession stands for the sale of merchandising products and of food stands or restaurants on the Site for the sale and consumption of non-alcoholic and alcoholic beverages and food;

3.1.3 the holding of promotional events by Cirque or its sponsors, subject to the rights of approval reserved to CBBC and Impark pursuant to section 3.6 of this Agreement;

3.1.4 the installation and operation of a merry-go-round on the Site;

3.1.5 the presentation of a Cirque du Soleil feature film on screen and the installation of the necessary equipment to do so; and

3.1.6 the operation of a ticket box office for the sale of Show and feature film tickets;

3.1.7 the installation of vehicles for clerical and office work, sanitary vans and full kitchen facilities for the use of Cirque's staff.

(collectively referred to as the "Permitted Use").

Any further or other uses of the Site shall be subject to the prior written consent of each of Impark, CBBC, the Port and the City and County of San Francisco, which consent in each case may be withheld in that party's sole discretion. Impark acknowledges and agrees that Cirque shall be drilling holes in the ground of the Site for the setting-up and installation of the above-mentioned equipment.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Consent and Acknowledgement Agreement with China Basin Ballpark Company LLC ("CBBC") regarding proposed sublease between CBBC and the San Francisco Redevelopment Agency.

DIRECTOR'S RECOMMENDATION: AUTHORIZE EXECUTIVE DIRECTOR TO ENTER INTO CONSENT AGREEMENT WITH CHINA BASIN BALLPARK COMPANY.

Background

The China Basin Ballpark Company LLC ("CBBC") is a limited liability company, organized by the owners of the San Francisco Giants baseball team for the purposes of leasing a site along China Basin to develop and operate the new Pacific-Bell Ballpark and related improvements. The China Basin site is bounded generally by King Street, Second Street, China Basin Channel and Third Street.

The Board of Supervisors, by Resolution Nos. 702-97, 703-97, 704-97 and 705-97, and the Port Commission, by Resolution Nos. 97-53, 97-55, 97-56, and 97-57 approved a Lease Disposition and Development Agreement, Ground Lease (the "Ballpark Ground Lease") and related agreements between the City and County, through the Port, and CBBC, to allow the development and operation of the new ballpark and related improvements at the China Basin site.

By Board of Supervisors Ordinance No. 389-84 and Port Commission Resolution No. 84-50, the City, through the Port, entered into an option to lease agreement (the "Option Agreement") with the Redevelopment Agency of the City and County of San Francisco

This Print Covers Calendar Item No. 6B

(the “Agency”), by which the Agency has the option to lease certain property including the South Beach Park, the South Beach Marina and the South Beach Marina parking lot, located within the Rincon Point – South Beach Redevelopment Project Area (“RPSB”) adjacent to the Ballpark site.

Under the Option Agreement, the Agency exercised options to lease Parcel M-3 (the “M-3 Lease”), Parcel M-4A (the “M-4A Lease”), Parcel M-5 (the “M-5 Lease”) and Parcel S-6 (the “S-6 Lease”), which include the South Beach Park, marina and parking area. The Agency has the right under such leases (collectively, the “Master Leases”) to enter into development and occupancy subleases in order to implement the RPSB Redevelopment Plan and to set the maximum term of such subleases to be coincident with the maximum term of the Master Leases which expire on September 26, 2050, if not earlier terminated.

In connection with the development of the new ballpark, the Agency and CBBC entered into an Owner Participation Agreement (the “OPA”) dated as of October 20, 1997. Under the OPA, the Agency granted to CBBC a non-exclusive easement over certain area adjacent to the Ballpark comprised of the former Second Street right-of-way (the “Access Parcel”) for the purpose of pedestrian and vehicular access, ingress and egress in connection with the uses permitted under the Ballpark Ground Lease. Under the Ballpark Lease, the Port consented to the Agency’s granting of such easement in the OPA and the Port also granted a non-exclusive easement to CBBC for the same purposes over the same area.

Access Sublease

The Agency and CBBC propose to enter into an amendment to the OPA to terminate the non-exclusive easement over the Access Parcel and, pursuant to the Master Leases, to enter into a development sublease of a reconfigured access area adjacent to the Ballpark comprised of both non-exclusive and exclusive areas as shown in Exhibit A. A copy of the proposed sublease between the Agency and CBBC is attached as Exhibit B (the "Access Sublease").

Under the Access Sublease, CBBC is responsible for designing and constructing all of the improvements in the reconfigured access area as more specifically described in the Scope of Improvements attached to the Access Sublease. The design includes a turn-around for vehicles to drop off and pick up ferry patrons and a public walkway along the former Second Street right-of-way linking access from King Street to the public access areas in centerfield plaza, South Beach marina and the PortWalk along China Basin Channel. Also included is all associated paving, lighting, signage, landscaping, utilities and the other improvements described in the Scope of Improvements. CBBC is responsible for all maintenance and repair of the improvements.

The Access Sublease allows CBBC to use the access area for service uses related to the permitted uses of the Ballpark including access of trucks, emergency vehicles and other

vehicles of CBBC, its contractors, invitees and other occupants of the Ballpark; parking Authorized Vehicles during Baseball Home Games and Other Events (defined in Port Ground Lease) which includes vehicles of the employees, management and/or family of CBBC and Team Owner or opposing baseball teams or umpires; major communications/press/media personnel on game or other event days; construction, installation, maintenance and repair of the Ballpark or subtenant improvements; retail, paid or validated parking on any day other than a baseball home game; and for certain special events, including public ceremonies, displays, shows or other private events in which persons (rather than vehicles) may occupy the exclusive use area in accordance with guidelines approved by the Agency in consultation with the Port and the Rincon Point – South Beach Citizens Advisory Commission. The parking could be used, for example, to support proposed restaurant uses within the Ballpark Pavilion Building. Both the parking and special event uses provide an opportunity to collect revenue to enhance and maintain maritime and open space uses in the vicinity as described below.

The Access Sublease provides for (i) base rent in the amount of $35,442 per year ($2.20 per square foot), as adjusted every three years by increases in the consumer's price index of not lower than 3% nor more than 5%, (ii) percentage rent in an amount equal to 10% of adjusted gross sales paid directly for any permitted parking use and (iii) in lieu of percentage rent, special event rent in the amount of $750 per day in which a special event related to a baseball home game is held by CBBC and $1,500 per day for any other special event permitted in the exclusive use area, subject to adjustment in such per diem amounts in the same manner as base rent will be periodically adjusted. The Access Sublease further provides that all rental revenues collected from the sublease premises to be used to the extent needed for the improvement, maintenance, repair and operation of South Beach Park and Pier 40, subject to appropriation by the Board of Supervisors.

The Access Sublease grants the Port, upon advance notice, rights of reasonable access for the purposes of construction, repair, maintenance, replacement, servicing and loading at the ferry terminal when the Premises is not otherwise in use for a Baseball Home Game or Other Event (as defined in the Port Ground Lease).

The initial term of the Access Sublease expires in 2020 with options, corresponding to those under the Ballpark Ground Lease, to extend the initial term to 2050 which is coincident with the terms of the Master Leases. In the event that the Agency Master Leases are terminated prior to 2050, the Access Sublease would continue until 2050 as a direct lease between the Port and CBBC (if CBBC were to exercise all of its options under the Ballpark Lease) pursuant to specific non-disturbance provisions in the Access Sublease.

The Access Sublease requires the reasonable consent of the landlord to any assignment, sublease or other transfer by CBBC, provided that CBBC may, without such consent, (i) assign or transfer its interest in the Access Sublease to any transferee or mortgagee permitted under the Ballpark Ground Lease and (ii) sublease the area to the Team Owner

(as defined in the Ballpark Ground Lease) and to CBBC's contractors, invitees and other occupants of the Ballpark who are authorized by CBBC to use and enter the exclusive area consistent with the permitted uses in connection with the parking, truck loading and service areas of the Ballpark.

Consent and Acknowledgement Agreement

In connection with the Access Sublease, CBBC wishes to enter into a Consent and Acknowledgement Agreement with the Port, a copy of which agreement is attached hereto as Exhibit C (the "Consent Agreement"). Pursuant to the Consent Agreement (1) the Port will approve the Sublease and the Amendment to the OPA and modify the easement provisions of the Ballpark Lease in light of the Sublease (2) the Port would confirm and clarify the rights of CBBC under the Master Leases to non-disturbance of CBBC's leasehold estate under the Access Sublease and CBBC would confirm and clarify the rights of the Port under the Master Leases to attornment by CBBC with respect to the Access Sublease and (3) the Port would agree to seek Board of Supervisors approval, at the request of CBBC, to amend the Ballpark Ground Lease or otherwise enter into a lease to include the subleased area in the premises that are subject to the Ballpark Ground Lease for the uses permitted under the Access Sublease and at the same rent as provided in the Access Sublease for a term coinciding with the maximum term of the Ballpark Ground Lease which expires in 2063 if CBBC were to exercise all of its options.

The Consent Agreement would be executed and delivered by the Port only in conjunction with the execution and delivery by CBBC and the Agency of the Sublease.

CEQA Compliance

The Planning Department has prepared, and the Port Commission have each received, a Memorandum to City Planning File No. 96.176E dated September 16, 1999 that analyzed the potential impacts arising from the Access Sublease and Consent Agreement. The Planning Department determined that no further environmental analysis is required for the project beyond that already contained in the *San Francisco Giants Ballpark at China Basin Final Environmental Impact Report* (FEIR, File 96.176E), certified June 26, 1997.

Recommendation

Port staff recommends that the Commission approve the attached resolution authorizing the Executive Director and Port staff to take any and all steps as they deem necessary or appropriate, in consultation with the City Attorney, in order to consummate the approval of Sublease and Consent Agreement in accordance with this resolution.

Prepared by: Kari Kilstrom, Development Projects Coordinator
Mark W. Lozovoy, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-74

WHEREAS, On March 26, 1996, the voters of the City and County approved Proposition B, which made certain changes to the City's zoning laws to allow a new ballpark to be developed privately at China Basin on a site bounded generally by King Street, Second Street, China Basin Channel and Third Street, on owned by the City under the jurisdiction of the Port; and,

WHEREAS, China Basin Ballpark Company LLC ("CBBC") is a limited liability company, which the owners of the San Francisco Giants baseball team have organized to lease the China Basin site and develop and operate the new ballpark and related improvements; and,

WHEREAS, In furtherance of Proposition B, the Board of Supervisors, by Resolution Nos. 702-97, 703-97, 704-97 and 705-97, and the Port Commission, by Resolution Nos. 97-53, 97-55, 97-56, and 97-57 approved a Lease Disposition and Development Agreement, Ground Lease (the "Ballpark Ground Lease") and related agreements between the City and County, through the Port, and CBBC, to allow the development and operation of the new ballpark and related improvements at the China Basin site (the "Ballpark"); and,

WHEREAS, By Ordinance No. 276-97, the Board of Supervisors, approved an amendment to the Rincon Point - South Beach Redevelopment Project Area (the "RPSB Project Area") to include the Ballpark site, with the approval of the Port under Resolution No. 97-59; and,

WHEREAS, By Board of Supervisors Ordinance No. 389-84and Port Commission Resolution No. 84-50, the City, through its Port, entered into an option to lease agreement (the "Option Agreement") with the Redevelopment Agency of the City and County of San Francisco (the "Agency"), by which the Agency has the option to lease certain property including the South Beach Park, the South Beach marina and parking for the users of the marina, located within the RPSB Project Area adjacent to the Ballpark site; and,

WHEREAS, Under the Option Agreement, the Agency exercised options to lease Parcel M-3 (the M-3 Parcel), Parcel M-4A (the "M-4A Parcel"), M-5 (the "M-5 Lease") and Parcel S-6 (the "S-6 Lease"), which include the South Beach Park, marina and parking area, and the Agency has the right under such leases (collectively, the "Master Leases") to enter into development and occupancy subleases in order to implement the RPSB Redevelopment Plan; and,

WHEREAS, In connection with the development of the Ballpark, the Agency and CBBC entered into an Owner Participation Agreement (the "OPA") dated as of October 20, 1997; and,

WHEREAS, Under the OPA, the Agency granted to CBBC a non-exclusive easement over certain area adjacent to the Ballpark comprised of the former Second Street right-of-way (the "Access Parcel") for the purpose of pedestrian and vehicular access, ingress and egress in connection with the uses permitted under the Ballpark Ground Lease, and under the Ballpark Ground Lease, the Port consented to the Agency's granting of such easement in the OPA and the Port also granted a non-exclusive easement to CBBC for the same purposes over the same area; and,

WHEREAS, The Agency and CBBC propose to enter into an amendment to the OPA to terminate the non-exclusive easement over the Access Parcel and, pursuant to the Master Leases, to enter into a development sublease of a reconfigured access area adjacent to the Ballpark comprised of both non-exclusive and exclusive areas, a copy of which proposed sublease between the Agency and CBBC is on file with the Commission Secretary (the "Access Sublease"); and,

WHEREAS, Under the Access Sublease, CBBC is responsible for designing and constructing all of the improvements ("Subtenant Improvements") in the reconfigured access area as more specifically described in the Scope of Improvements attached to the Access Sublease, including a turn-around for vehicles to drop off and pick up ferry patrons and a public walkway along the former Second Street right-of-way linking access from King Street to the public access areas in centerfield plaza, South Beach Marina and the PortWalk along China Basin channel, and all associated paving, lighting, signage, landscaping, utilities and the other improvements described in the Scope of Improvements, and CBBC is responsible for all maintenance and repair of the improvements; and,

WHEREAS, Further design details will be submitted to the Port Executive Director, or his designee, for review and approval for the following proposed components of the Subtenant Improvements, including color and materials samples if appropriate: the public walkways (i.e. width, hardscape) within the shared access areas; the circulation square including ferry terminal drop-off areas; signage, including location and design of directional signs for the ferry terminal; the gate at the entrance to the Exclusive Use Area; and, lighting within the shared access area; and,

WHEREAS, The Access Sublease allows CBBC to use the access area for access of trucks, emergency vehicles and other vehicles of CBBC, its contractors, invitees and other occupants of the Ballpark; parking Authorized Vehicles during Baseball Home Games and Other Events (defined in Port Ground Lease) which includes vehicles of the employees, management and/or family of CBBC and Team Owner or opposing baseball teams or umpires; major communications/press/media personnel on game or other event days; construction, installation, maintenance and repair of the Ballpark or subtenant improvements; retail, paid or validated parking on any day

other than a baseball home game; and for certain special events, including public ceremonies, displays, shows or other private events in which persons (rather than vehicles) may occupy the exclusive use area in accordance with guidelines approved by the Agency in consultation with the Port and the Rincon Point – South Beach Citizens Advisory Commission

WHEREAS, The Access Sublease grants the Port, through ongoing coordination and advance notice, rights of reasonable access for the purposes of construction, repair, maintenance, replacement, servicing and loading at the ferry terminal on non-game days; and,

WHEREAS, The Access Sublease provides for (i) base rent in the amount of $35,442 per year ($2.20 per square foot), as adjusted every three years by increases in the consumer's price index of not lower than 3% nor more than 5% per year on a compounded basis, (ii) percentage rent in an amount equal to 10% of adjusted gross sales paid directly for any permitted retail or paid parking use and 8% of adjusted gross sales for sales of food and (iii) in lieu of percentage rent, special event rent in the amount of $750 per day in which a special event related to a baseball home game is held by CBBC and $1,500 per day for any other special event permitted in the exclusive use area, subject to adjustment in such per diem amounts in the same manner as base rent will be periodically adjusted, and the Access Sublease further provides that all rental revenues collected from the sublease premises to be used, to the extent needed, for the improvement, maintenance, repair and operation of South Beach Park and Pier 40, subject to appropriation by the Board of Supervisors; and,

WHEREAS, The Access Sublease requires the reasonable consent of the landlord to any assignment, sublease or other transfer by CBBC, provided that CBBC may, without such consent, (i) assign or transfer its interest in the Access Sublease to any transferee or mortgagee permitted under the Ballpark Ground Lease and (ii) sublease the area to the Team Owner (as defined in the Ballpark Ground Lease) and to CBBC's contractors, invitees and other occupants of the Ballpark who are authorized by CBBC to use and enter the exclusive area consistent with the permitted uses in connection with the parking, truck loading and service areas of the Ballpark; and,

WHEREAS, In connection with the Access Sublease, CBBC wishes to enter into a Consent and Acknowledgement Agreement with the Port, a copy of which agreement is on file with the Commission Secretary (the "Consent Agreement"), pursuant to which (1) the Port will approve the Sublease and the Amendment to the OPA and modify the easement provisions of the Ballpark Lease in light of the Sublease (2) the Port would confirm and clarify the rights of CBBC under the Master Leases to non-disturbance of CBBC's leasehold estate under the Access Sublease and CBBC would confirm and clarify the rights of the Port under the Master Leases to attornment by CBBC with respect to the Access Sublease and (3) the Port would recognize the continuation of the non-exclusive easement granted under the

Ballpark Ground Lease for any portion of the term beyond the term of the Sublease (excluding the portion upon which parking improvements for the South Beach Park and marina are to be constructed), provided that Port would agree to seek Board of Supervisors approval, at the request of CBBC, to amend the Ballpark Ground Lease or otherwise enter into a new lease to include the subleased area in the premises that are subject to the Ballpark Ground Lease at the same rent as provided in the Access Sublease, as applicable to any portion of the term of Ballpark Ground Lease that extends beyond the maximum term of the Access Sublease permitted under the Master Leases, all on the terms and conditions more particularly described in the Consent Agreement; and,

WHEREAS, The Agency and the Planning Department, acting together as co-lead agencies for conducting environmental review for Pacific Bell Park (the "Project"), prepared and certified a Final Environmental Impact Report (the "FEIR"). The Agency Commission certified the FEIR for the Project on June 26, 1997 by Resolution No. 96-97. The San Francisco Planning Commission certified the FEIR by Motion No. 14398 on the same date. On June 30, 1997, the Board of Supervisors adopted Resolution No. 645-97 affirming certification of the FEIR by the Planning Commission and the Agency, and adopting environmental findings (and a statement of overriding considerations; and,

WHEREAS, The FEIR is both a project EIR and a redevelopment plan EIR under CEQA Guidelines Section 15180, and the approval of the Consent Agreement is an undertaking pursuant to and in furtherance of the Redevelopment Plan and related documents pursuant to Section 15180; and,

WHEREAS, The Planning Department Office of Environmental Review prepared a Memorandum dated September 16, 1999, which reviews the environmental effects of the actions before the Commission and concludes that such actions are consistent with the analysis in the FEIR and do not require additional environmental analysis; and,

WHEREAS, The Commission has reviewed and considered the information contained in the FEIR, the Memorandum and the other information on file with the Commission Secretary; and,

WHEREAS, In connection with approval of the Ballpark Ground Lease and related actions, the Commission, on July 16, 1997 by Resolution No. 97-53, adopted environmental findings (and a statement of overriding considerations) with respect to the FEIR for the Project pursuant to the California Environmental Quality Act ("CEQA") and State Guidelines, all as more particularly set forth in such resolution; and,

WHEREAS For purposes of compliance with CEQA, the Consent Agreement is part of the Project for which the Commission, by Resolution No. 97-53 has adopted findings with respect to the FEIR as required by

CEQA, which findings are on file with the Commission Secretary, and which findings, together with those attached, are incorporated herein by this reference; now, therefore, be it

RESOLVED, That the Commission hereby approves Resolution No. 97-53 with respect to the approval of the Consent Agreement under this resolution and hereby adopts and incorporates the environmental findings under CEQA contained in Resolution No. 97-53 by reference as though such findings were fully set forth in this resolution; and, be it further

RESOLVED, That, based upon the Commission's review of the FEIR, the Commission further finds that (1) modifications incorporated into the Project and reflected in the approval of the Consent Agreement under this resolution will not require important revisions to the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (2) no substantial changes have occurred with respect to the circumstances under which the Project analyzed in the FEIR was undertaken would require major revisions to the FEIR due to the involvement of new environmental effects, or a substantial increase in the severity of effects identified in the FEIR; (3) no new information of substantial importance to the Project analyzed in the FEIR has become available which would indicate that (a) the Consent Agreement will have significant effects not discussed in the FEIR, (b) significant environmental effects will be substantially more severe; (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible; or (d) mitigation measures or alternatives which are considerably different from those in the FEIR would substantially reduce one or more significant effects on the environment; (4) the Consent Agreement is within the scope of the Project analyzed in the FEIR, as further described in the Planning Department's Memorandum dated September 16, 1999; and (5) no new environmental documentation is required; and, be it further

RESOLVED, That in accordance with the recommendation of the Executive Director and based on the findings contained herein, the Commission hereby approves the form and substance of the Consent Agreement and the transaction contemplated thereby, provided that the Agency Commission approve and the Agency and CBBC enter into the Access Sublease in substantially the form presented to this Commission; and, be it further

RESOLVED, That the Commission finds that the Consent Agreement is consistent with policies and purposes of Proposition B, approved by the voters of the City and County on March 26, 1996, and that it is in the City's best interest to enter into he Consent Agreement with CBBC for the purposes described in this resolution and in the Consent Agreement; and, be it further

RESOLVED, That the Commission finds that the uses permitted under the Sublease are related to the uses permitted under the Ballpark Ground Lease and are consistent with the public trust and the Burton Act; and, be it further

RESOLVED, That the Commission authorizes and urges the Executive Director or his designee to execute the Consent Agreement, in the name and on behalf of the City, in substantially the form of such agreement presented to this Commission; and, be it further

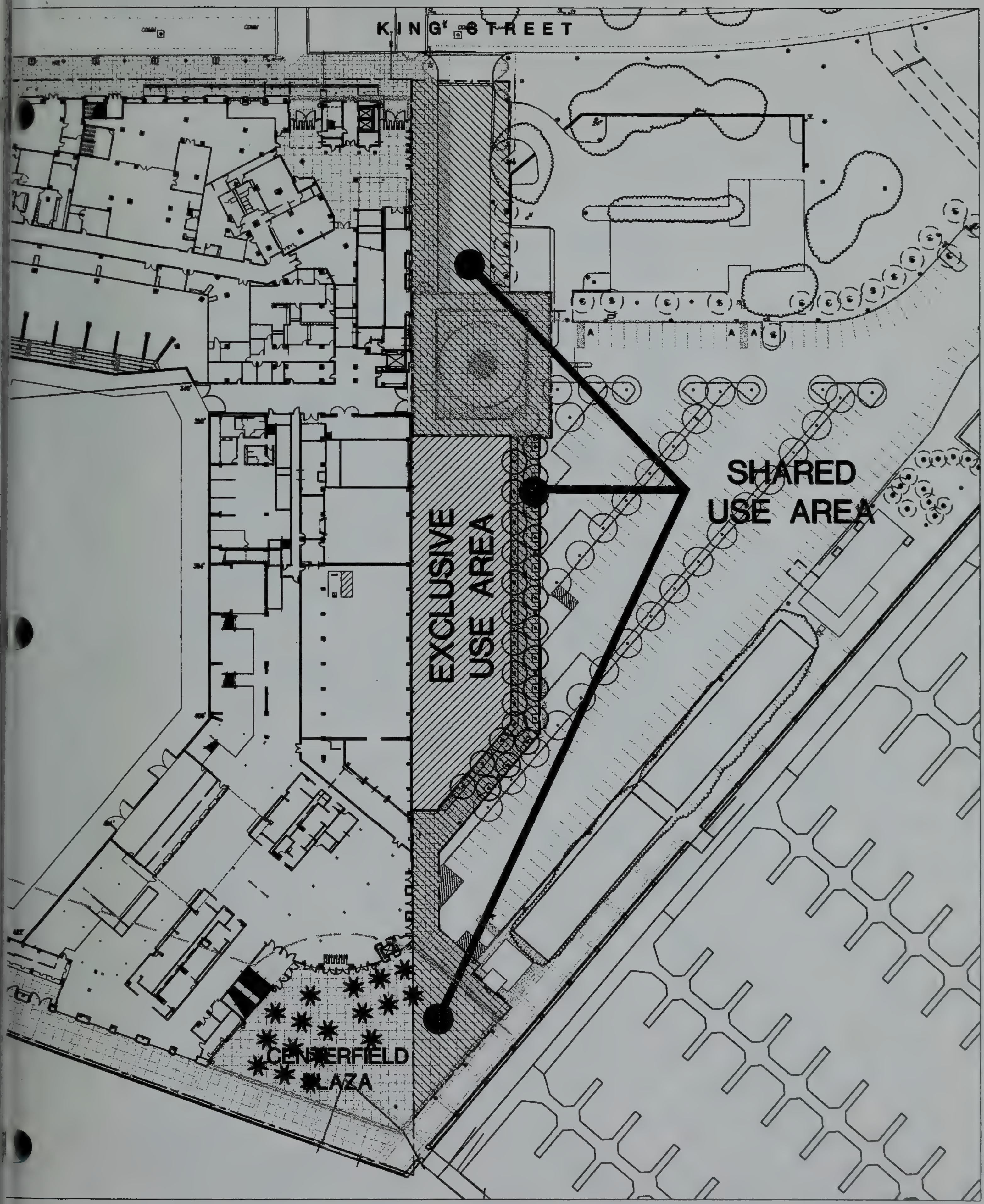
RESOLVED, That the Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Consent Agreement that the Executive Director determines, in consultation with the City Attorney, are in the best interests of the City, do not decrease the rent or otherwise materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transaction contemplated in the Consent Agreement and effectuate the purpose and intent of Proposition B and this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Consent Agreement and any amendments thereto; and, be it further

RESOLVED, That the Commission authorizes and urges the Executive Director and Port staff to take any and all steps (including, but not limited to, the execution and delivery of any and all agreements, notices, consents and other instruments or documents) as they or any of them deem necessary or appropriate, in consultation with the City Attorney, in order to consummate the Consent Agreement in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents; and, be it further

RESOLVED, That the Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port with respect to the Consent Agreement.

I hereby certify that the Port Commission at its meeting of September 21, 1999 adopted the foregoing resolution

____
Secretary


KING STREET
SHARED USE AREA
EXCLUSIVE USE AREA
CENTERFIELD PLAZA

NOT TO SCALE
PROJECT NORTH

ACCESS SUBLEASE
EXHIBIT A

EXHIBIT B

SUBLEASE

This Sublease (the "Sublease") is entered into as of September __, 1999 by and between the Redevelopment Agency of the City and County of San Francisco, a public body, corporate and politic (the "Agency"), and China Basin Ballpark Company LLC, a Delaware limited liability company (the "Subtenant").

RECITALS

A. In furtherance of the objectives of the Community Redevelopment Law of California, the Agency has undertaken a program of redevelopment in the area of the City and County of San Francisco (the "City") known as the Rincon Point-South Beach Redevelopment Area (the "Project Area") pursuant to a Redevelopment Plan (the "Plan") approved by the Board of Supervisors of the City by Ordinance No. 14-81 adopted January 5, 1981; as amended by the Redevelopment Plan Amendment approved by Ordinance No. 50-84, adopted on January 23, 1984; as amended by the Redevelopment Plan Amendment approved by Ordinance No. 405-91, adopted on November 25, 1991; as amended by the Redevelopment Plan Amendment approved by Ordinance No. 137-92, adopted on May 11, 1992; as amended by the Redevelopment Plan Amendment approved by Ordinance No. 270-92, adopted on August 10, 1992; as amended by the Redevelopment Plan Amendment approved by Ordinance No. 119-97, adopted on March 24, 1997; as amended by the Redevelopment Plan Amendment approved by Ordinance No. 276-97, adopted on July 7, 1997.

B. Among other property, the City owns and holds in trust the Agency Leasehold Parcels (as defined below) pursuant to Chapter 1333 of the California Statutes of 1968, as amended (the "Burton Act") and that certain agreement between the State of California and the City with respect to the transfer in trust to the City of the lands described and referred to in the Burton Act.

C. The City, acting by and through the San Francisco Port Commission (the "Port"), by those certain leases dated September 7, 1997 and September 11, 1997 (the "Port/Agency Leases", attached as **Exhibit A**) leased certain real property known as Parcel M-3, M4A, M-5 and Parcel S-6 (the "Agency Leasehold Parcels") to the Agency for the purpose of implementing the Plan. The Agency Leasehold Parcels contain South Beach Park, the marina (the "Marina") and parking for the users of the marina (the "Marina Parking").

D. On March 26, 1996, the voters of the City and County of San Francisco adopted Proposition B pursuant to which the City through the Port has entered into that certain Lease Disposition and Development Agreement with the Subtenant (as Owner) dated as of August 15, 1997 (the "LDDA"), for the purpose of developing and operating the open air waterfront ballpark

and complementary improvements to be known as the "Pacific Bell Park" (the "Ballpark") on that certain real property owned by the City and more specifically described in the LDDA (the "Port Property"). The Port Property is adjacent to the Agency Leasehold Parcels.

E. In addition, the City, by and through the Port, entered into that certain Ground Lease with the Subtenant (as Tenant) dated November 26, 1997 (the "Port Ground Lease") whereby the Subtenant (as Tenant) leased that certain Port Property for the purpose of constructing the Ballpark improvements.

F. The Agency entered into a Owner Participation Agreement dated as of October 20, 1997 (the "OPA") with the Subtenant in which Agency grants Subtenant (as owner of Ballpark) a non-exclusive easement over a portion of the Agency Leasehold Parcels for shared access to the marina parking and certain Ballpark improvements.

G. The Agency and Subtenant have determined that the exclusive use of the Premises (as hereinafter defined) by the Subtenant in connection with the Ballpark will benefit the operation of the Ballpark and the successful redevelopment of the Project Area.

H. Subtenant wishes to sublease from the Agency that certain portion of the Agency Leasehold Parcels as depicted in the map attached hereto as **Exhibit B-1** and described in **Exhibit B-2** (the "Premises"). The Premises consists of (i) the area, hereinafter the "Shared Use Area", which will be used for a pedestrian walkway and shared vehicle access for the Marina Parking, the ferry terminal and the area hereafter described as the Exclusive Use Area; and (ii) the area, hereinafter the "Exclusive Use Area" which will be exclusively used by the Subtenant (subject to the rights of Agency and Port reserved hereunder) for Service Uses, Revenue Uses and Special Events as more particularly described in Section 5.

I. In furtherance of this Sublease, the Subtenant shall concurrently with this Sublease enter into an amendment to the OPA with Agency to eliminate the non-exclusive easement area (the "First Amendment to OPA") and into an agreement regarding Port's consent for certain terms and conditions relating to the Agency/Port Leases and Port Ground Lease (the "Port Consent Agreement") in the form attached hereto as **Exhibit C**, as more particularly described therein.

NOW, THEREFORE, in consideration of the mutual obligations of the parties to this Sublease, the Agency and the Subtenant hereby agree as follows:

AGREEMENT

1. PREMISES. The Agency subleases to Subtenant and Subtenant subleases from the Agency the Premises as depicted in **Exhibit B-1** and described in **Exhibit B-2**, subject to the terms, covenants, agreements and conditions later set forth (including the reservation of right for the Use of the Premises by the Agency and Port provided in Section 5(c)herein), to each of which the Agency and Subtenant mutually agree. The Premises consists of the "Shared Use Area" and the "Exclusive Use Area" as each are depicted in **Exhibit B-1**. The Agency and Subtenant agree that the exact dimension of both the Shared Use Area and the Exclusive Use Area comprising the Premises may be subject to adjustment to reflect any minor changes approved by the Agency and reflected in the as-built plans. The parties agree to cooperate in the preparation, execution, delivery and recording of any instrument reasonably appropriate to correct or modify the legal description (**Exhibit B-2**) to reflect the actual dimension of the Shared Use Area and the Exclusive Use Area as approved by the Agency and reflected in the as-built plans.

2. TERM.

(a) Initial Term. The term of this Sublease shall commence on the date first written above and, unless sooner terminated in accordance with the terms of this Sublease, shall expire on December 31, 2022 (the "Initial Term").

(b) Options to Extend. At its option, Subtenant may extend the Initial Term of this Sublease in accordance with all the provisions of this Sublease for six (6) successive periods (individually, an "Extended Term"); provided that Subtenant exercises its right to extend the respective extended term for the Port Property under the Port Ground Lease and that the Subtenant is not in default under this Sublease. Subtenant agrees that except as otherwise approved by the Agency in writing, Subtenant is obligated to exercise its option to extend this Sublease if it exercises its option to extend the equivalent term of the Port Ground Lease, so that at all times during the Term of this Sublease (except for during the sixth (6th) Extended Term as described in this Section below), the remaining term of this Sublease remains coincident with that of the Port Ground Lease. The first five (5) Extended Terms shall be for a period of five (5) years each. The last Extended Term shall be for a period of two (2) years, 8 months and 26 days after the expiration of the fifth Extended Term. Notwithstanding anything to the contrary contained in this Sublease, the maximum Term of this Sublease shall not extend beyond September 26, 2050, unless otherwise agreed by Agency and consented to by Port in writing. Subtenant may exercise such rights to extend (each such, an "Option") by giving written notice to the Agency of the exercise of its option (the "Option Notice") as follows: (1) for the first Extended Term, Subtenant must give its Option Notice on or before December 31, 2020; and (2) for each subsequent Extended Term, Subtenant must give its Option Notice not later than one (1) year prior to the expiration date of the then-current Extended Term. Provided that Subtenant transfers its remaining options to a transferee of its entire interest in the Port Ground Lease, the Subtenant may transfer the remaining Options under this Sublease to the same transferee of its entire interest in this Sublease. In addition, provided that Subtenant has assigned the option(s) relating to the equivalent extended term(s) under the Port Ground Lease, Subtenant may at any time, or from time to time, assign the Options, or any of them, as additional security for any

Mortgage permitted under Section 21, and Agency shall recognize any Option exercised by a Mortgagee in accordance with the provisions of this Sublease. Time is of the essence with respect to the date of delivery for each and every Option Notice. Agency recognizes, however, that this Sublease is inextricably bound to the Subtenant's lease of the Port Property pursuant to the Port Ground Lease and that an inadvertent failure to deliver such notice could result in forfeiture of Subtenant's interest. Agency therefor agrees that if the time for delivering any Option Notice has expired, and no such Option Notice has been given, Subtenant may nevertheless cure such failure by delivering a delinquent Option Notice to the Agency, prior to, or within five (5) business days following a written notice by Agency specifying that the right to give a delinquent Option Notice will expire unless such notice is given within such five (5) day business period. The existence of any cure rights granted under Section 19 shall not extend the dates specified in this Section for the delivery of an Option Notice. Subtenant's failure to deliver a delinquent Option Notice, or otherwise to exercise an Option for any Extended Term as specified in this Section shall cause the termination of the Options for such Extended Term and for any and all subsequent Extended Terms, subject only to the rights of Mortgagees under Section 21 of this Sublease.

(c) Term. The Initial Term as it may be extended in accordance with the provisions of subsection (b) above is referred to as the "Term". Subtenant's possession of the Premises during any Extended Term shall be upon all of the terms and conditions of this Sublease.

3. RENT.

As used in this Sublease, the term "Rent" shall include the Base Rent, Percentage Rent, Event Rent and the Additional Rent as defined below.

(a) Base Rent. The Base Rent for the Premises shall commence on March 1, 2000 (the "Rent Commencement Date"). Subject to adjustment as set forth in this Section 3(a), the Base Rent shall be computed at the rate of $2.20 per square foot per year based upon the area comprising the Exclusive Use Area only, or $35,442.00 for the estimated dimension of the Exclusive Use Area of 16,110 square feet. In the event of an adjustment in the Legal Description attached as **Exhibit B-2** pursuant to Section 1 above, the Base Rent shall be recalculated at the rate of $2.20 per square foot per year based upon the adjusted area of the Exclusive Use Area only, and any overpayment or underpayment by Subtenant shall be credited towards, or paid in addition to, the next payment of Base Rent when due. The revised Base Rent (the "Revised Base Rent") shall be set forth in a written instrument in recordable form. The parties shall cooperate in the preparation, execution, delivery and recording of such written instrument.

The Base Rent shall be adjusted on April 1, 2003 and on April 1 in each third (3rd) year thereafter in proportion to each year's percentage increase in the Index (as defined in the Port Ground Lease) during the preceding three (3) calendar years, compounded annually; provided however that the Base Rent adjustment for any three-year period shall not be lower than 9.27%

(which is equal to 3% per year of the 3-year period, compounded annually) nor shall it exceed 15.76% (which is equal to 5% per year of the 3-year period, compounded annually). (For example, the adjustment effective April 1, 2003 shall be determined on the percentage increase in the Index from January 1, 2000 to December 31, 2002. On or before March 15 of each year in which the adjustment is made (the "Adjustment Year"), the Agency shall notify Subtenant in writing of the amount of the adjusted Base Rent for the next three year period.

(b) Percentage Rent. In addition to the Base Rent, the Subtenant shall pay to the Agency Percentage Rent for parking or sales conducted in the Exclusive Use Area by Subtenant or a Permitted Licensee in an amount equal to (w) eight percent (8%) of the Adjusted Gross Sales Revenue for sales of food, and (x) ten percent (10%) of the Adjusted Gross Sales Revenue from parking use or from any other sale of merchandise or services. "Permitted Licensee" means Subtenant's agents, transferees, "subtenant" (as permitted and described in the Port Ground Lease), licensees, concessionaires, operators or other person who, in any case, is authorized by Subtenant to use the Exclusive Use Area for such permitted parking or sales. "Adjusted Gross Sales Revenue" means, for each calendar quarter (y) any fee, charge or amount collected by Subtenant or Permitted Licensee, whether for cash or credit, for parking vehicles in the Exclusive Use Area, plus, if parking for vehicles other than Authorized Vehicles (as defined in Section 5) is provided for free or on a discounted, validated basis, Imputed Revenue (as defined below) in respect of such free or discounted, validated parking; or (z) the gross sales price of merchandise, services or food; provided however, that the following shall be excluded from Adjusted Gross Sales Revenue:

(i) parking taxes, specifically including taxes payable pursuant to the City and County Parking Tax Ordinance, Part III, Article 9, Sections 601-618 of the San Francisco Municipal Code, or any similar, substitute or successor tax;

(ii) any other exclusion from the "Adjusted Gross Sales" set forth in Sections 1(a) of the Port/Agency Leases; and

(iii) merchandise or services sold at or in connection with, or rental fees received on account of, Special Events, if any.

If parking for vehicles other than Authorized Vehicles (as defined in Section 5), is provided for free or on a discounted, validated basis, Adjusted Gross Sales Revenue shall include the retail value of such parking at a comparable commercial parking facility in the surrounding area (less, in the case of discounted, validated parking, the amount of any fee, charge or amount collected therefor by Subtenant or Permitted Licensee which amount is otherwise included in Adjusted Gross Sales Revenue) (the "Imputed Revenue"); provided, however, that there shall not be any Imputed Revenue for parking of Authorized Vehicles, emergency vehicles or vehicles delivering goods or services to the Ballpark.

Subtenant is under no duty to generate Adjusted Gross Sales Revenue, and nothing herein shall be construed to authorize any use not otherwise permitted or approved in Section 5 herein.

(c) Special Event Rent. The parties recognize that it would be difficult to determine revenues attributed to a Special Event (as defined in Section 5(b)(iii) herein) hosted by or on behalf of the Subtenant, particularly when such events are held in conjunction with an Other Event (as defined in the Port Ground Lease). Consequently, the Agency and Subtenant agree that, in lieu of Percentage Rent, the Subtenant shall pay a flat fee of $750 for each day in which a Special Event related to a Baseball Home Game (as defined in the Port Ground Lease) is held by Subtenant and $1,500 for each day in which any other Special Event conducted on the Exclusive Use Area (the "Special Event Rent"). The Special Event Rent shall be adjusted every three years in the same manner that Base Rent is adjusted pursuant to Section 3(a) of this Sublease. The Special Event Rent shall be paid on a quarterly basis along with Percentage Rent, at such times as described in Section 3(b). Special Event Rent shall be payable only for days during which a Special Event is itself conducted and shall not be payable for any day when the only activity is to prepare, restore or clean up the Exclusive Use Area immediately prior to or following the Special Event.

(d) Additional Rent. Except as otherwise provided in this Sublease, Percentage Rent, Special Event Rent and all costs, fees, interest, charges, expenses, reimbursements and obligations of every kind and nature relating to the Premises that may arise or become due during or in connection with the Term of this Sublease, whether foreseen or unforeseen, which are payable by Subtenant to Agency pursuant to this Sublease shall be deemed Additional Rent. Agency shall have the same rights, powers and remedies, whether provided by law or in this Sublease, in the case of non-payment of Additional Rent as in the case on non-payment of Base Rent.

(e) Manner of Payment.

(i) Base Rent for the first thirteen (13) months (1 and 1/12 times the annual Base Rent) shall be payable on or before April 1, 2000. The Base Rent for each succeeding year shall be payable in advance annually on or before April 1 of each year; provided that if the Agency notifies Subtenant of adjusted Base Rent after March 1 as required by Section 3(a), the Base Rent shall be due and payable thirty (30) calendar days following the date of Agency's notice.

(ii) Percentage Rent and Special Event Rent shall be payable on July 15, 2000 for the period that begins on the Rent Commencement Date until June 30, 2000, and thereafter, on the 15th day of the month following the end of each subsequent quarter. Along with such payment, the Subtenant shall submit such documentation as may be reasonably required by the Agency to verify the actual amount of the Adjusted Gross Sales Revenue and the number and type of Special Events. If Agency disputes the amount of Percentage Rent or Special Event Rent due from Subtenant, Agency shall have the right for one hundred twenty (120) days from the date Subtenant tenders payment to examine, inspect and audit the Subtenant's records upon

reasonable notice. The inspection shall be conducted at Subtenant's office at a reasonable time or times. Pending resolution of any disputes over Percentage Rent or Special Event Rent, Subtenant shall pay Agency the amount Subtenant has reasonably and in good faith calculated to be payable in that quarter.

(iii) Additional Rent shall be due and payable at the times otherwise provided in this Sublease; provided that if no date for payment is otherwise specified, or if payment is stated to be due upon demand", "promptly following notice", "upon receipt of invoice", or the like then such Additional rent shall be due thirty (30) business days following the giving by Agency of such demand, notice, invoice or the like to Subtenant specifying that such sum is presently due and payable. Base Rent and Additional Rent shall be paid to Agency in lawful money of the United States of States of America at offices the Redevelopment Agency of the City and County of San Francisco, 770 Golden Gate, San Francisco, California 94102, Attention: Financial Operations Manager or at such other place as Agency may from time to time designate by notice to Subtenant.

(f) Late Payment. If the Agency does not receive the payment of the Base Rent by April 1, or within thirty (30) calendar days of Agency's notice, whichever is later, Subtenant shall pay the Agency an additional amount equal to five percent (5%) of such overdue rent as a late charge. The late charge shall also be due if the Agency does not receive the payment of the Percentage Rent or the Special Event Rent by the date it is due pursuant to Section 3(e)(ii). Subtenant acknowledges that late payment of rent will cause the Agency to incur collection costs not contemplated by this Sublease, the exact amount of which is extremely difficult and impracticable to fix. Such costs include, without limitation, billing, processing and accounting costs. The parties agree that this late charge represents a fair and reasonable estimate of the costs that the Agency will incur by reason of late payment by Subtenant. Acceptance by the Agency of such late charges shall not prevent the Agency from exercising any of the rights and remedies available to the Agency in connection with Subtenant's continuing failure to pay fees.

(g) No Abatement or Setoff. Subtenant covenants to pay all Rent at the times and in the manner in this Sublease provided without any abatement, setoff, deduction, or counterclaim, except as provided in Section 3(b) hereof.

(h) Net Lease. This Sublease is an absolutely net lease to the Agency and the Subtenant shall pay all costs, charges, taxes, impositions and all other obligations related to this Sublease. If the Agency pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the Agency will be entitled to be reimbursed by Subtenant the full amount of such payments as Additional Rent. Notwithstanding the foregoing, the parties agree that Subtenant shall not be liable for any rent payable under the Agency/Port Leases, other than the Rent payable hereunder.

4. RESTRICTION ON AGENCY USE OF RENT PAYMENTS. The Agency agrees that it shall restrict the use and expenditure of any Rent that it collects for the Premises pursuant to this

Sublease to the costs of improvement, maintenance, repair and operation of the South Beach Park and/or Pier 40, to the extent needed, subject to City's appropriation of funds.

5. CONDITION AND USE OF PREMISES.

(a) Condition at Entry. The Subtenant is leasing the Premises in their "AS-IS" condition as of the effective date of this Sublease. Subtenant acknowledges that it has inspected the Premises and accepts them in their existing condition. Neither the Agency, nor any employee, agent or representative of the Agency has made any representation, warranty or covenant, expressed or implied, with respect to the Premises, its physical condition, the condition of any improvements, any environmental laws or regulations, or any other matter, affecting the use, value, occupancy or enjoyment of the Premises other than as set forth explicitly in this Sublease, and the Subtenant understands and agrees that the Agency is making no such representation, warranty or covenant, expressed or implied; it being expressly understood that the Premises is being leased in an "AS IS" condition with respect to all matters. Subtenant further acknowledges that, pursuant to the OPA, at the date of execution of the Sublease, all or a portion of the Premises is being used by the Subtenant as a construction staging area for the Ballpark. The Agency shall not be obligated to provide repairs or improvements of any kind.

(b) Permitted Uses in Exclusive Use Area. The Premises shall be used solely for:

(i) the following service uses:

(w) the access, ingress and egress of trucks and other vehicles of the Subtenant and Subtenant Users to and from the parking, truck loading and service areas of the Ballpark and of emergency vehicles. "Subtenant Users" means the Subtenant's contractors, invitees and other occupants of the Ballpark (including those users for "Other Events" as permitted and defined in the Port Ground Lease) which are authorized by the Subtenant to use or enter upon the Exclusive Use Area consistent with the permitted service uses set forth in this Section 5(b)(i);

(x) the construction, installation, maintenance and repair of the Ballpark or Subtenant Improvements (as defined in Section 6 herein); and

(y) the parking of Authorized Vehicles. "Authorized Vehicles" means vehicles of (1) the Subtenant and Team Owner (as defined in the Port Ground Lease) and any opposing baseball team, and their respective employees and management (and their family members) and any umpires officiating at the Baseball Home Game; (2) communications, press, media personnel reasonably related to a Baseball Home Game or Other Event and vehicles used in connection with the broadcasting (or other transmission), filming or recording of Baseball Home Games or Other Events at the Ballpark; and (3) no more than a total of six (6) other vehicles of guests.

(z) the temporary storage of equipment in connection with the broadcasting of transmission of the Baseball Home Game and Other Events (as both are defined in the Port Ground Lease), including support and production facilities, transmission equipment, antennas and other transceivers and related facilities.

(ii) the parking of any vehicle (or bicycle), other than Authorized Vehicles, for a fee, charge or any other amount, or on a free, discounted, or validated basis (the "Revenue Parking") other than during a Baseball Home Game (as defined in the Port Ground Lease). Revenue Parking during Baseball Home Games of the vehicles, other than Authorized Vehicles, of any ticketholder or patron of such Baseball Home Game shall not be permitted, whether or not a separate charge is collected therefor, except with the express written approval of the Executive Director. Revenue Parking intended for commuter vehicles (including, but not limited to, long-term daily or monthly parking) other than vehicles of employees of Subtenant or Subtenant Users, except with the express written approval of the Executive Director.

(iii) Special Events conducted in the Exclusive Use Area, either separately or in conjunction with activities in the Ballpark, in accordance with the Event Guidelines. "Special Events" means public or private ceremonies, fairs, parties, or similar events for which Special Event Rent (as defined in Section 3(c)) is payable in lieu of Percentage Rent. "Event Guidelines" means those certain guidelines for the conduct of Special Events which are from time to time reasonably established by the Agency Executive Director after consultation with the Citizens Advisory Committee and the Port. Subtenant shall submit proposed Event Guidelines for Agency's review and approval no later than ninety (90) days prior to the first Special Event and may, from time to time, submit modifications to such Event Guidelines. Such Event Guidelines shall establish operating standards and conditions for the conduct of Special Events, including, but not limited to, frequency, hours, light and noise levels, security and other requirements reasonably required by the Agency.

(c) Permitted Uses by Subtenant in Shared Use Area. The Shared Use Area shall be used by Subtenant and Subtenant Users solely for:

(i) vehicular access, ingress and egress in connection with the uses of the Exclusive Use Area and the Ballpark;

(ii) pedestrian access, ingress or egress, so long as such use does create a public or private nuisance and does not impede or unreasonably interfere with the vehicular access or use of the Shared Use Area reserved to Agency and the Port as set forth in Section 5(d)(ii) below; and

(iii) the construction, reconstruction, alteration, installation, maintenance and repair of the Ballpark, the Subtenant Improvements or the Park Improvements permitted hereunder or in the Port Ground Lease.

(d) Use of Premises and Reservation of Rights by Agency and Port.

(i) Exclusive Use Area. The Subtenant hereby agrees that, subject to the terms and conditions set forth herein, the Agency and Port reserve the right to reasonable access, ingress and egress on, over, across and through the Exclusive Use Area as reasonably required for the purposes of construction, repair, maintenance, replacement, servicing and loading at the ferry terminal or other operational uses relating to the Agency Leasehold Parcels or ferry terminal; provided that the Agency or Port shall provide written notice pursuant to Section 37 to Subtenant at least two (2) business days prior to the date of such use; provided, however, that in no event shall any such use be permitted on any day when a Baseball Home Game or Other Event (as such terms are defined in the Port Ground Lease) is scheduled to occur at the Ballpark or when a Special Event is scheduled to occur in the Exclusive Use Area, except that the Port and Subtenant shall cooperate to assure that access for the Port is available for up to four (4) hours during regular working hours at some time during each week. Any use by the Agency or Port shall be conducted in a manner to minimize any interference with Subtenant's operations on the Exclusive Use Area. Agency and Port agree to defend, hold harmless and indemnify the Subtenant, its officers, agents and employees, of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description directly or indirectly arising out of any such use of the Exclusive Use Area or any operations and activities conducted thereon by or on behalf of the Agency or Port, except to the extent arising out of the gross negligence or willful misconduct of the Subtenant, but including any failure to comply with any law, statute, ordinance, rule, regulation or order of local, state and federal authorities now or later in effect, including, but not limited to, the American with Disabilities Act. The foregoing covenants to defend, hold harmless, and indemnify shall inure to the benefit of the Subtenant regardless of responsibility for negligence and shall survive the expiration or earlier termination of this Sublease.

(ii) Shared Use Area. The Agency, at all times during the Term of this Sublease, reserves for itself and the Port the right of access, ingress and egress in and over the Shared Use Area for the benefit of (x) the public; (y) South Beach Park, including the Muni transformer, the marina and the ILWU building, and their respective parking or other related facilities, and other facilities located at South Beach Park and (z) the ferry terminal to be developed by the Port adjacent to Center Field Plaza; provided however, that the Subtenant shall have the right during the construction of the Subtenant Improvements and the Park Improvements to provide temporary access to the areas described in (y) and (z) above, at Subtenant's sole cost and expense, over a temporary access road across South Beach Park, as more specifically described in, and subject to the terms and conditions of, the OPA.

(e) Limitations on Use of Premises.

(i) Subtenant shall not commit or permit to be committed any waste, damage or injury to the Premises or the Subtenant Improvements.

(ii) Subtenant shall not conduct or allow to be conducted on the Premises any activity that creates a public or private nuisance.

(iii) The parking of personal vehicles overnight shall be prohibited; provided, however, that any reasonable overnight parking of commercial and security personnel vehicles reasonably necessary to the activities conducted at the Ballpark pursuant to the Port Ground Lease shall be permitted only in the Exclusive Use Area.

(iv) No person shall reside or sleep on the Premises.

(v) Any use that is inconsistent with the Burton Act (as defined in Recital B), or which would constitute a basis for the revocation of the transfer, or reverter of the lands described and referred to in the Burton Act, is prohibited.

(vi) Any other use which is prohibited in the Ballpark by Section 3.5(a) of the Port Ground Lease is hereby prohibited on the Premises under this Sublease.

(f) Agency Approval of Land Use Restrictions or Liens Required.

(i) Subtenant may not enter into any agreements granting licenses, easements or access rights over the Premises if the same would be binding on Agency's or Port's reversionary interest in the Premises.

(ii) Subtenant shall not create or permit the attachment of, and shall promptly following notice, discharge at no cost to Agency, any lien, security interest or encumbrance on the Premises or Subtenant's Subleasehold Estate, other than (w) this Sublease and permitted title exceptions; (x) liens for non-delinquent impositions, except for impositions being contested as permitted by Section 22; (y) Mortgages permitted under Section 21; and (z) liens of mechanics, material suppliers or vendors, or rights thereto, for sums which under the terms of the related contracts are not at the time due or which are being contested. The provisions of this Section doe not apply to liens created by Subtenant on its personal property.

(g) Advertising and Signage. Subtenant shall not install any general advertising on the Premises. Notwithstanding the visibility of such signs from the Premises, Agency acknowledges that Subtenant has the right to install signs in, on or upon the Ballpark pursuant to the Port Ground Lease. Subtenant may install identifying and directional signs on the Premises only to the extent that such signage is included in Subtenant submittals and approved by Agency pursuant to Section 7(c) below. All signs shall comply with applicable laws regulating signs.

(h) Compliance with Redevelopment Requirements. During the term of this Sublease, Subtenant and such successors and assigns shall devote the Premises to, and only to and in accordance with, the uses specified in the Redevelopment Plan and this Sublease, as specified in Article 5(b) hereof, which are the only uses permitted by this Sublease.

(i) Inspection. Subtenant agrees to permit Agency staff to inspect the Premises at any reasonable time after reasonable notice to determine whether Subtenant's use of the Premises complies with subsection 5(b), to make necessary repairs, or for any other lawful purpose.

6. CONSTRUCTION OF SUBTENANT IMPROVEMENTS.

At its sole cost and expense, Subtenant agrees to undertake and complete all physical construction on the Premises (including improvements on the Exclusive Use Area and the Shared Use Area) described in the Scope of Improvements, Attachment "2" hereto (the "Subtenant Improvements") and approved by the Agency as provided for herein, in accordance with the Schedule of Performance, Attachment "3" hereto.

(a) Construction to be in Compliance with Construction Documents and Law. The Subtenant Improvements to be constructed shall be constructed in strict compliance with the Agency-approved and Construction Documents and also in strict compliance with Port permits and all applicable local, State and Federal laws and regulations.

(b) General Requirements and Rights of Agency . Schematic Drawings, Preliminary Construction Documents and Final Construction Documents (collectively, the "Construction Documents"), all as hereinafter individually defined for the Subtenant Improvements to be constructed by Subtenant, shall be prepared by a licensed California architect, reasonably approved by the Agency (the "Design Consultant") and shall be in conformity with the Redevelopment Plan and this Sublease, including the limitations established in the Scope of Improvements, Attachment 2 hereto, and all applicable Federal, State and local laws and regulations. The Agency hereby approves Hellmuth, Obata + Kassabaum, Inc. (aka HOK Sport Facilities Group) as the Design Consultant. A registered civil engineer must review and certify any grading plans. The Construction Work shall be performed by a licensed California general contractor, reasonably approved by the Agency (the "Contractor"). The Agency hereby approves Huber, Hunt & Nicols/Kajima, a joint venture, as the Contractor.

(c) Basic Submittals to be Approved by Agency. The basic submittals to be made by Subtenant to the Agency shall include, but not be limited to the:

(i) Schematic Drawings. Subtenant has prepared and submitted Schematic Drawings for the Subtenant Improvements and the Agency acknowledges that it has approved such submittals prior to the execution of this Sublease.

(ii) Preliminary Construction Documents. Subtenant and Agency agree that, for Subtenant Improvements only, Subtenant's obligation to submit Preliminary Construction Documents is waived by Agency.

(iii) Final Construction Documents. Immediately after approval by the Agency of the Schematic Drawings, Subtenant shall prepare and submit the Final Construction Documents for the Subtenant Improvements. Final Construction Documents shall mean and include all drawings, specifications and other related documents necessary for the construction and completion of construction of the Subtenant Improvements or the Park Improvements in accordance with the requirements of this Sublease. Final Construction Documents shall be based upon, and conform to, the approved Schematic Drawings (for the Subtenant Improvements only) and shall contain such modifications and changes, if any, specified by the Agency as a condition of approval of the Schematic Drawings or Preliminary Construction Documents, respectively. The Final Construction Documents shall generally include, but not be limited to the material described in the Scope of Improvements, Attachment 2.

(d) Approval of Construction Documents by Agency. Subtenant shall submit and the Agency shall reasonably approve or disapprove the Construction Documents for the Subtenant Improvements referred to in this Sublease within the times established in the Schedule of Performance, Attachment 3. Failure by the Agency either to approve or disapprove the Construction Documents for the Subtenant Improvements within the times established in the Schedule of Performance shall be deemed approval. If the Agency disapproves all or any portion of a Construction Document submission for the Subtenant Improvements, Subtenant shall submit revisions in a manner that is a logical evolution of previously approved Construction Documents and shall resubmit to the Agency for approval as soon as possible after receipt of the notice of disapproval. Approval of progressively more detailed drawings and specifications will be granted by the Agency if in the judgment of the Agency they have been developed as a logical evolution of the documents previously approved. Any such items so submitted and approved by the Agency shall not be subject to subsequent approval.

The Agency's review and approval or disapproval shall include, in addition to the items provided for in the Scope of Improvements, Attachment 2, consideration of such items as the general architectural appearance, site planning considerations, and landscape design.

(e) Disapproval of Construction Documents by Agency. If the Agency disapproves the Construction Documents for the Subtenant Improvements in whole or in part as not being in compliance with Redevelopment Requirements or this Sublease, Subtenant shall submit new or corrected plans which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and resubmission of corrected Construction Documents for the Subtenant Improvements shall continue to apply until the Construction Documents have been approved by the Agency; provided, however, that in any event Subtenant shall have submitted satisfactory Construction Documents (i.e., approved by the Agency) for the Subtenant Improvements no later than the date specified therefor in the Schedule of Performance.

(f) Agency Approvals and Limitation Thereof. The Construction Documents must be approved by the Agency in the manner set forth in Section 6(d) hereof, subject to the following:

(i) Compliance with Redevelopment Plan and Sublease. The Agency's approval with respect to said Construction Documents is directed to the Agency's determination of their compliance with the Redevelopment Plan and this Sublease, including the Scope of Improvements (said enumerated documents are for convenience sometimes called "Redevelopment Requirements"). The Construction Documents shall also be subject to general architectural review and guidance by the Agency as part of this review and approval process.

(ii) Agency Does Not Approve Compliance with Construction Requirements. The Agency's approval is not directed to engineering or structural matters or compliance with building codes and regulations, the Americans with Disabilities Act, or any other applicable State or Federal law relating to construction standards or requirements.

(iii) Agency Determination Final and Conclusive. The Agency's determination respecting the compliance of the Construction Documents with Redevelopment Requirements shall be final and conclusive (except that it makes no determination and has no responsibility for the matters set forth in Section 6(d)(ii), above).

(g) Issuance of Building Permits. Subtenant shall have the sole responsibility for obtaining all necessary building permits pursuant to the Port's permit process and in conformance with the Port's Uniform Building Code and shall make application for such permits directly to the Port. Failure to timely file and to diligently pursue issuance of permits shall be a breach of this Sublease. All Preliminary and Final Construction Documents submitted to the Agency shall also be submitted to the Port.

(h) Completion of Construction. Prior to commencement of construction of the Subtenant Improvements, Subtenant shall cause to be delivered to the Agency the completion guaranty described in Section 6(c) of this Sublease.

(i) As-Built Plans and Specifications. Subtenant shall furnish to Agency and the Port one (1) set each of as-built plans and specifications with respect to such Subtenant Improvements within one hundred twenty (120) days following completion of construction.

(j) Times for Construction. Subtenant agrees for itself, and its successors and assigns to or of the Subleasehold Estate or any part thereof, that Subtenant and such successors and assigns shall promptly begin and diligently prosecute to completion the construction of the Subtenant Improvements thereon, and that such construction shall in any event commence and thereafter diligently continue and shall be completed no later than the dates specified in the Schedule of Performance, Attachment 2, unless such dates are extended by the Agency.

(k) Inspections. During the construction period, the work of the Subtenant shall be subject to inspection by representatives of the Agency and the Port.

(l) Agency Non-Liability. The Agency shall have the right at any time to post and maintain on the Premises such notices as the Agency reasonably deems necessary to protect the Premises and the Agency from mechanics' liens, material supplier's liens, stop notices, or any other liability. Subtenant shall pay when due all claims for labor or materials furnished to Subtenant or for use on the Premises. Subtenant shall not permit any liens or stop notices of any kind to be levied against the Premises for any labor or material furnished to Subtenant or claimed to have been furnished to Subtenant in connection with work performed or claimed to have been performed on the Premises for the benefit of Subtenant. The Agency will provide no services or materials and will have no liability in connection with such work.

(m) Limitations on Agency and Port Improvements. The Agency and the Port shall not be obligated to make any improvements or repairs to the Premises or any improvements now or hereafter located thereon, except for such structural maintenance and repairs as the Agency, in its sole discretion, shall deem necessary to protect the health, welfare and safety of persons using the Premises.

7. COMPLETION OF SUBTENANT IMPROVEMENTS

(a) Certificate of Completion - Issuance. Promptly after completion of the Subtenant Improvements in accordance with the provisions of this Sublease, and upon the request of Subtenant, the Agency will furnish Subtenant with an appropriate instrument so certifying. Such certification by the Agency shall be a conclusive determination of satisfaction and termination of the agreements and covenants of this Sublease with respect to the obligation of Subtenant, and its successors and assigns, to construct the Subtenant Improvements in accordance with Agency approved Final Construction Documents and the dates for the beginning and completion thereof: Provided, that such determination shall only be withheld because of failure to carry out specific requirements of the Redevelopment Requirements or this Sublease; provided further, that such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Subtenant to any Mortgagee, or any insurer of a mortgage, securing money loaned to finance the Subtenant Improvements, or any part thereof; provided further, that Agency issuance of any Certificate of Completion does not relieve Subtenant or any other person or entity from any and all City requirements or conditions to occupancy of the Subtenant Improvements, which requirements or conditions must be complied with separately.

(b) Certifications to be Recordable. All certifications provided for in this section shall be in such form as will enable them to be recorded with the Recorder of the City.

(c) Certification of Completion - Non-Issuance Reasons. If the Agency shall refuse or fail to provide any certification in accordance with the provisions of Section 7(a), the Agency shall, within fifteen (15) days after written request by Subtenant, provide Subtenant with a written statement, indicating in adequate detail in what respects Subtenant has failed to complete the Subtenant Improvements in accordance with the provisions of this Sublease or is otherwise in

default hereunder and what measures or acts will be necessary, in the opinion of the Agency, for Subtenant to take or perform in order to obtain such certification.

8. SUBSEQUENT IMPROVEMENTS

(a) Post Completion Change. The Redevelopment Plan controls changes to Subtenant Improvements after they have been certified complete. However, because of the location of the Premises, the nature of the Subtenant Improvements, the Permitted Uses and their relationship to the adjacent Ballpark, the Agency Leasehold Parcels and other public areas and surrounding developments, the Agency has a particular interest in the Premises and in the nature and extent of the permitted changes to the Subtenant Improvements. Accordingly, it desires to, and does hereby, impose the following particular controls on the Premises and on the Subtenant Improvements: During the term of this Sublease, neither Subtenant nor any voluntary or involuntary successor or assign, shall make or permit any material change in the Subtenant Improvements, as "material change" is hereinafter defined, including, but not limited to, any changes to the landscaping and plant materials as they affect views toward the Ballpark from points outside the Shared Use Area, without the approval of the Agency Commission. Any such approved alterations or improvements made by Subtenant shall be at its sole cost and expense.

(b) Definition of Material Change. "Material change" is defined, and shall mean as used herein and shall include, any material alteration, modification, addition and/or substitution of or to the Premises or the Subtenant Improvements, from that which has been expressly approved by the Agency pursuant to this Sublease and which has been certified by the Agency as complete in accordance with this Sublease, and shall include without limitation the design, materials and/or color of the Subtenant Improvements and any subsequent improvement which requires a building permit or other regulatory permit.

(c) Procedures for Subsequent Improvements. Before commencing any work relating to the material changes to the Subtenant Improvements on the Premises (the "Subsequent Improvements"), Subtenant shall notify the Agency in writing of the expected date of commencement of such Subsequent Improvements and submit a Subsequent Improvements Scope of Improvements and Subsequent Improvements Schedule of Performance for Agency's review and approval, which Agency shall provide to the Port. The Agency shall have the right at any time to post and maintain on the Premises such notices as the Agency reasonably deems necessary to protect the Premises and the Agency from mechanics' liens, material supplier's liens, stop notices, or any other liability. Subtenant shall pay when due all claims for labor or materials furnished to Subtenant or for use on the Premises. Subtenant shall not permit any liens or stop notices of any kind to be levied against the Premises for any labor or material furnished to Subtenant or claimed to have been furnished to Subtenant in connection with work performed or claimed to have been performed on the Premises for the benefit of Subtenant. The Agency will provide no services or materials and will have no liability in connection with such work. In addition to the compliance with the requirements of Section 6 and 7 for any Subsequent Improvements, the Subtenant shall make the following submittals to the Agency:

(i) Subtenant shall prepare and submit Schematic Drawings for the development of the Premises to the Agency for review and written approval within the time established in the Subsequent Improvements Schedule of Performance. The Premises shall be developed as established by the Schematic Drawings except as changes may be mutually agreed upon between Subtenant and the Agency. Any such changes shall be within the limitations of the Scope of Subsequent Improvements, Attachment 2, or as required by the Port Building Code or other applicable law. This review is intended to secure agreement on and approval of the basic design concept prior to extensive work by Subtenant's architect. The Schematic Drawings shall generally include, but not be limited to the material described in the Scope of Subsequent Improvements.

(ii) Subtenant shall cause Contractor to prepare and submit Preliminary Construction Documents to the Agency for review and written approval within the time established in the Schedule of Performance. The Preliminary Construction Documents shall generally include, but not be limited to the material described in Scope of Subsequent Improvements, Attachment 2. The Preliminary Construction Documents shall be in sufficient detail and completeness to show that the improvements and the construction thereof will be in compliance with Redevelopment Requirements. All schematic drawings, Preliminary Construction Documents and Final Construction Documents will also be provided to the Port.

(d) Other Requirements.

(i) Equal Opportunity. Agency and Subtenant shall work together on a case by case basis to design an appropriate Equal Opportunity requirements for any Subsequent Improvements which requires Agency's approval. The Equal Opportunity requirements shall be based upon Agency's Equal Opportunity requirements as may be in effect at the time such Subsequent Improvements are approved by Agency; provided, however, that if Subsequent Improvements are carried out in connection with Improvements to the Ballpark under the Port Ground Lease, the equal opportunity provisions required by the Port Ground Lease shall apply in lieu of the Agency policies on Equal Opportunity then in effect.

(ii) Labor Standards. Subtenant agrees to pay or cause to be paid prevailing rates of all wages for all Subsequent Improvements which requires Agency's approval under this Section, in accordance with the provisions of Agency's policies on Labor Standards Provisions in effect at the time of the Agency approval; provided, however, that if such Subsequent Improvements are carried out in connection with Improvements to the Ballpark under the Port Ground Lease, the prevailing wage provisions attached to as Exhibit H to the Port Ground Lease shall apply in lieu of the Agency policies on Labor Standards Provisions then in effect.

(e) Enforcement. The Agency shall have any and all remedies in law or equity (including without limitation restraining orders, injunctions and/or specific performance) judicial or administrative, to enforce the provisions of this Section 8, including without limitation any threatened breach thereof or any actual breach or violation thereof.

9. TITLE TO SUBTENANT IMPROVEMENTS.

Fee title to the Subtenant Improvements shall vest in Subtenant and remain vested in Subtenant during the Term of this Sublease. At the expiration or earlier termination of this Sublease, however, fee title to the Subtenant Improvements shall vest in the Agency without further action of any party, without any obligation by the Agency to pay any compensation therefor to Subtenant and without the necessity of a deed from Subtenant to the Agency.

10. REPAIR AND MAINTENANCE.

(a) Subtenant's Maintenance. Subtenant, at all times during the Term of this Sublease, shall maintain the Premises and the Subtenant Improvements, including, without limitation, the Shared Use Area, in a manner consistent with standards for the maintenance and operation of a safe, clean, attractive and first-class mixed use sports, retail and entertainment projects, at Subtenant's sole cost and expense. Subtenant shall, at its sole cost or expense, promptly make (or cause others to make) all necessary or appropriate repairs, renewals and replacements of the Premises and the Subtenant Improvements, whether ordinary or extraordinary, foreseen or unforeseen, reasonable wear and tear excepted.

In connection with the management and use of the Premises, including, without limitation, the Shared Use Area, Subtenant shall provide or require others to provide, services as necessary and appropriate to the uses (including Other Events as permitted and defined in the Port Ground Lease) on the Premises, including but not limited to: (i) repair and maintenance of the Premises and Subtenant Improvements and all fixtures, equipment and landscaping from time to time located on the Premises or any part thereof; (ii) utility services; (iii) daily disposal of rubbish, garbage and other waste in a lawful and sanitary manner; (iv) security services; and (v) such other services as may be necessary or appropriate for the maintenance of the Premises and the Subtenant Improvements in the first-class condition described herein.

(b) Utilities. To the extent necessary for its use and occupancy of the Premises, the Subtenant shall procure, at its sole cost and expense, water and sewer service from the City and electricity, telephone, natural gas and any other utility services from City or utility companies providing such services, and shall pay all connection and use charges imposed in connection with such services. The Subtenant shall be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the City or the utility providing service.

(c) No Agency or Port Obligation. As between Agency and Subtenant, Subtenant shall be solely responsible for the condition, operation, repair, maintenance and management of the Premises and Subtenant Improvements, during the Term. Under no circumstances shall Agency (or City, including its Port) be obligated to make repairs or replacements of any kind or maintain the Premises, Subtenant Improvements or any portion thereof. Subtenant waives the

benefit of any existing or future law which would permit Subtenant to make repairs or replacements at Agency's expense, or abate or reduce any of Subtenant's obligations under, or terminate, this Sublease on account of the need for any repairs or replacements. Without limiting the foregoing, Subtenant hereby waives any right to make repairs at Agency's expense as may be provided by Sections 1932(1), 1941 and 1942 of the California Civil Code, as any such provisions may from time to time be amended, replaced or restated.

Notwithstanding the above, if Subtenant fails to perform any maintenance or repairs required to be performed by Subtenant under this Sublease and within the time provided for such performance, which failure gives rise to an emergency which creates an imminent danger to public health or safety, as reasonably determined by Agency, the Agency may at its sole option, but shall not be obligated to, perform such maintenance or repairs for and on behalf of Subtenant; provided that, if there is time, Agency first gives Subtenant such notice and opportunity to take corrective action as is reasonable under the circumstances.

11. SUBTENANT'S PERSONAL PROPERTY.

Except as set forth in Section 9, Subtenant claims no right, title, or interest in any fixture in or which may be placed in the Premises other than its personal property. Such personal property shall continue to be the property of Subtenant and may be removed by Subtenant at the expiration of this Sublease or any extension providing that removal does not damage the Premises. If any personal property is not removed after the Premises have been vacated by Subtenant, the Agency, after giving written notice, may dispose of said property in any manner permitted by law. Subtenant shall reimburse the Agency for the reasonable cost of removal, storage, or other expenses incurred in the disposition of such property; provided, however, that if Subtenant signs the Agency's Certificate of Abandonment form for any personal property, the Agency shall not charge Subtenant for disposal of that property.

12. PARK IMPROVEMENTS.

(a) Staging Area and Obligation to Restore; Center Field Plaza. Subtenant and Agency acknowledge that pursuant to the OPA, the Subtenant is using a portion of the South Beach Park as a staging area for the construction of the Ballpark the "Staging Area") and that the Subtenant is obligated to restore such portion of the South Beach Park (the "Obligation to Restore"), including the removal of a temporary entrance to the Marina Parking and restoration a portion of improvements to the Marina Parking which were removed for the Staging Area. Subtenant and Agency also acknowledge that, pursuant to the OPA, Agency has an obligation to integrate the design of the Park Improvements with the Subtenant Improvements and to construct a portion of the plaza in the Shared Use Area (adjacent to the Ballpark, ferry terminal and Marina Parking and commonly known as "Center Field Plaza") on or before the date of the opening of the Ballpark.

Subtenant and Agency thus acknowledge that the design and construction of the South Beach Park (including the Marina Parking and the proposed children's area) (collectively, the "Park Improvements"), the Agency's obligation to construct a portion of the Center Field Plaza and the Subtenant's Obligation to Restore the Staging Area are inextricably interwoven and that it would be difficult or impossible for the Agency to complete construction of the portion of Center Field Plaza and the Park Improvements on or about the date of the opening of the Ballpark. The Subtenant and Agency further acknowledge that it is more efficient and cost-effective for the Subtenant to include the design and construction of the Park Improvements in Subtenant's agreement with its Design Consultant and its Contractor (as both are defined below).

Notwithstanding any other provision in this Sublease, the Port/Agency Leases and/or the Port Consent Agreement, the Subtenant specifically acknowledges and agrees that the Port has no obligation to the Subtenant regarding the preparation of design and construction documents, construction or payment to or indemnification of Subtenant for the Park Improvements, whether before or after any date of attornment by Subtenant under the Port/Agency Leases or the Port Consent Agreement.

(b) Design and Construction Services. Subtenant hereby agrees that, subject to the terms and conditions of this Agreement, it will contract with its Design Consultant and Contractor, to provide design services for the Park Improvements (the "Design Services"), including schematic design, preliminary construction documents and final construction documents (collectively, the "Design Documents"), and construction of the Park Improvements (the "Construction Work") more specifically described in the Park Improvements, Scope of Services and Schedule of Performance, Attachment 1. As used in this Section 12, the terms "Design Consultant" and "Contractor" shall include any subconsultants and subcontractors, respectively, which are a part of the design team or construction team, respectively, retained by Subtenant to perform this work. The terms and conditions pursuant to which the Design Consultant and Contractor shall perform such services shall be subject to the approval of the Agency staff in its sole discretion; provided, however, that if Agency, Subtenant and the Design Consultant and/or Contractor cannot agree on such terms and conditions, Subtenant shall be excused from any obligation to contract for or perform such Design Services or Construction Work, as applicable.

(c) Agency Requirements Regarding Design Services. Subtenant shall require that Design Consultant provide such liability, workers compensation, and other insurance as required in Section 17 herein. In addition, Subtenant shall require that the Design Consultant shall procure and maintain Professional Liability Insurance with limits not less than $1,000,000 each occurrence, covering errors and omissions in Architectural and Engineering Professional Design Services for the entire period which it provides Design Services. Subtenant shall furnish the Agency with certificates of insurance effecting such coverage. All certificates and endorsements are to be received and approved by the Agency before the commencement of Design Services. The Agency reserves the right to require complete, certified copies of all required insurance policies at any time.

The Design Services shall be performed at the direction of and shall be approved by the Agency staff, in its sole discretion. The Agency shall be solely responsible for determining the adequacy of the Design Documents and Design Services for the Park Improvements provided by the Design Consultant retained by Subtenant. The Agency shall hold harmless and release Subtenant from and against any damage, cost, expense or liability arising out of the Design Documents for the Park Improvements or the Design Services of the Design Consultant retained by Subtenant for such purpose. The Agency shall look solely to such Design Consultant with respect to the adequacy of such design or Design Documents, including their adequacy for their intended purpose. The Agency acknowledges that the Subtenant is not a licensed design professional and will itself not prepare nor otherwise have any responsibility for the Design Documents or Design Services relating to the Park Improvements.

(d) Agency Requirements Regarding Construction Services. Subtenant shall require that Contractor provide such liability, workers compensation, and other insurance as required in Section 17 herein. Agency and Subtenant acknowledge that pursuant to the Subtenant's agreement with the Contractor to build the Ballpark improvements on the Port Property, the Contractor has provided a construction guaranty to Subtenant (the "Construction Guaranty"). Subtenant will cause the Contractor to extend such Construction Guaranty to include the Construction Work required herein. In addition, Subtenant will assign any warranties to the Agency relating to the Construction Work

The Construction Work shall be performed at the direction and shall be approved by the Agency staff, at their sole discretion. In addition to approval of Construction Documents pursuant to Section 12(e) below, at its sole discretion, the Agency shall review and approve the construction budget for the Park Improvements. The Contractor shall commence construction of such Construction Work only upon receipt of a written Notice to Proceed delivered by Agency. The Agency reserves the right, at its sole discretion, at any time prior to the commencement of the Construction Work, to cause such all or a portion of the Construction Work (including, but not limited to, the installation of the play area fixtures at the tot lot) to be performed by a licensed general contractor selected by Agency pursuant to Agency policy, practices and procedures and state law.

The Agency shall be solely responsible for inspecting and determining the adequacy of the Construction Work provided by the Contractor retained by Subtenant. The Agency shall hold harmless and release Subtenant from and against any damage, cost, expense or liability arising out of the Construction Work by the Contractor retained by Subtenant for such purpose. The Agency shall look solely to such with respect to the adequacy of such Construction Work, including its adequacy for their intended purpose. The Agency acknowledges that the Subtenant is not a licensed contractor and will itself not construct nor otherwise have any responsibility for the Construction Work.

(e) Agency Review and Approval. The Subtenant shall cause the Design Consultant to submit Schematic Drawings, Preliminary Construction Documents and Final Construction Drawings for the Park Improvements directly to Agency pursuant to the Park Improvements Scope of Services. The Agency, at its sole discretion, shall review and approve or disapprove such submittals for the Park Improvements (the "Park Submittals"). If the Agency disapproves all or any portion of a Construction Document submission for the Park Improvements, Design Consultant shall submit revisions in a manner that is a logical evolution of previously approved Construction Documents and shall resubmit to the Agency for approval as soon as possible after receipt of the notice of disapproval provided, however, that in any event Design Consultant shall have submitted satisfactory Construction Documents (i.e., approved by the Agency) for the Park Improvements no later than the date specified therefor in the Park Improvements Schedule of Performance. In addition, Contractor shall submit a construction budget to Agency for its review and approval, at Agency's sole discretion, prior to commencement of construction. At its sole option, the Agency may direct the Design Consultant to prepare a portion of the Design Documents for the children's area within the Park Improvements (the "Children's Area), or direct the Contractor to perform the Construction Work, on a schedule that modifies the Park Improvements Schedule of Performance to permit construction to be completed after opening of the Ballpark. The Agency also reserves the right to require the preparation of a distinct construction budget for the Children's Area instead of including such construction amounts in the construction budget for the larger Park Improvements.

(f) Reimbursement for Park Improvements. Within thirty (30) days from the date of each payment by Subtenant to the Design Consultant or Contractor on account of the Park Improvements, Subtenant shall submit to Agency an itemized invoice and supporting documentation in form and substance acceptable to the Agency for the actual costs of Design Services, Construction Work (including costs of the Construction Guaranty or payment bond related thereto) and Agency Share of Center Field Plaza costs (as described below), all as determined in accordance with the terms and conditions of the contracts with the Design Consultant and Contractor as approved by the Agency; provided, however, that the Agency shall receive a credit on each invoice from Subtenant in an amount equal to the costs which Subtenant is obligated to pay in fulfillment of its Obligation to Restore the Staging Area (as described in the OPA and Section 12(a) of this Sublease). The Agency shall pay Subtenant within thirty (30) days of Agency's receipt and approval of such invoices for Design Services, Construction Work and Agency Share.

The "Agency's Share" of the cost for the construction and design of Center Field Plaza, which Agency shall pay in full satisfaction and in lieu of its obligation in the OPA to construct a portion of such plaza, shall be twenty-two percent (22%) of the actual total cost of the construction and design of Center Field Plaza, except that the Agency's Share shall not exceed $70,000. It is estimated that the cost of the Design Services for Park Improvements shall not exceed $______________; provided, however, that the actual cost of Design Services shall be determined based upon the terms and conditions of Subtenant's contract with the Design Consultant, as approved by the Agency and any amount related to Agency's modification,

alteration or change in the scope which increases the cost of Design Services. The cost of the Construction Work of the Park Improvements (exclusive of Center Field Plaza) is estimated to be approximately $_____________; provided, however, that the actual cost of Construction Work shall be determined based upon the terms and conditions of Subtenant's contract with the Contractor, as approved by the Agency and any amount related to Agency's modification, alteration or change in the scope which increases the cost of the Construction Work . Agency and Subtenant agree that, prior to the Notice to Proceed, if such cost estimate for Construction Work exceeds 105% of the estimate set forth above, the Agency may, at its sole discretion, elect to allocate additional funds, revise the scope of construction services or advise Subtenant to terminate the performance of the Construction Work by Contractor.

Agency's "Total Obligation" for the Park Improvements and Center Field Plaza improvements is $____________ ("Total Obligation"). The Total Obligation may be increased to cover costs in excess of the initial estimated costs; provided that such increase in Total Obligation is approved by a vote of the Agency Commission in its sole discretion. The certified results of any such vote will be incorporated by reference into this Agreement without necessity of a written amendment. If it appears, in Subtenant's reasonable judgment, that the cost of the design and construction of the Park Improvements will exceed Agency's Total Obligation, after Subtenant it has provided at least fifteen (15) day written notice to the Agency and Agency fails to authorize or approve such additional funding in a reasonable period thereafter, Subtenant shall have the right to suspend, reduce or terminate the work of its Design Consultant or Contractor such that the total cost to Subtenant of the design and construction obligation of the Park Improvements does not exceed the amount of the Agency's Total Obligation.

13. COMPLIANCE WITH LAWS.

(a) Subtenant shall at its cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations, approvals, authorizations, permits or requirements now in force or which may hereafter be in force, with the requirements of any board of fire underwriters or other similar body now or hereafter constituted, with any direction or occupancy certificate issued pursuant to any law by any public officer or officers, insofar as any thereof relate to or affect the condition, use or occupancy of the Premises. In the event Subtenant contests any of the foregoing, Subtenant shall not be obligated to comply therewith to the extent that the application of the contested law, statute, ordinance, rule, regulation or requirement is stayed by the operation of law or administrative or judicial order and Subtenant indemnifies the Agency against all loss, cost, expense or damage resulting from noncompliance.

(b) In the event that Subtenant elects to terminate the Port Ground Lease in the event of any change in laws pursuant to Section 6.1(d) therein, this Sublease shall automatically be terminated on the same date as the Port Ground Lease terminates. The Agency acknowledges, pursuant to the Port Ground Lease, the Port may elect to have the Ballpark improvements demolished and surrendered in their then-existing condition, and Agency agrees that it will confer with Port and Subtenant to determine whether the Subtenant Improvements should be

demolished (and the termination date of the Sublease extended to permit such demolition) or surrendered as-is. If, instead, the Port agrees to pay the cost of performing the repairs or improvements pursuant to the Port Ground Lease, Subtenant agrees that it will pay the costs to perform the required work on the Premises, and payment of Rent during the construction period will be abated.

14. DAMAGE AND DESTRUCTION

(a) Obligation to Restore. If the Premises or the Subtenant Improvements or any part thereof are damaged or destroyed by any cause, Subtenant shall promptly commence and diligently complete the restoration of the Premises and Subtenant Improvements as nearly as possible to the condition thereof prior to such damage or destruction; provided, however, that if the Subtenant terminates the Port Ground Lease pursuant to the terms and conditions thereof, and subject to the rights of Mortgagees, and Subtenant provides a copy of such notice to terminate the Port Ground Lease, this Sublease shall automatically be terminated on the same date as the Port Ground Lease terminates and Subtenant shall be obligated to demolish the Subtenant Improvements, unless the Agency provides notice to surrender the Premises in its then-existing condition pursuant to Section 14(c). In the event Subtenant elects to rebuild or complete the restoration of the Premises and the Subtenant Improvements, or the Port elects to pay such funds and agree to the terms and conditions pursuant to Section 12.3(a) of the Port Ground Lease, all proceeds of any policy of insurance required to be maintained by Subtenant under this Sublease shall be used by Subtenant for the restoration of the Premises and Subtenant Improvements and Subtenant shall make up from its own funds any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost thereof. If such damage or destruction results in a delay in the scheduled completion of construction of the Subtenant Improvements, Subtenant shall not be deemed to be in default hereunder as a consequence of such delays as long as it proceeds diligently with completion. Except as provided herein, this Sublease shall not terminate and, Subtenant's obligation to pay Rent shall not abate, except that in the event that Subtenant's obligation to pay Rent is abated pursuant to the Port Ground Lease, Subtenant's obligation to pay Rent under this Sublease shall also be abated.

(b) Agency Election. If the Sublease is terminated as set forth in Section 14(a) above, at its sole discretion, the Agency may elect to have Subtenant surrender possession of the Premises in their then-existing condition by providing notice to the Subtenant within thirty (30) days of Agency's receipt of Subtenant's termination notice and, in such event, the insurance proceeds will be allocated between Agency, Subtenant and Mortgagees in the manner set forth in Section 14(d).

(c) Subtenant Termination. In the event Subtenant elects to terminate this Sublease pursuant to Section 14(a), this Sublease shall terminate upon the effective date of the termination of the Port Ground Lease as provided therein. Subtenant shall be permitted to remain in possession of the Premises in order to complete the demolition. If Subtenant elects to terminate

this Sublease, the insurance proceeds shall be divided between the Agency, Subtenant and any Mortgagee in accordance with the provisions of Section 14(d).

(d) Distribution of the Insurance Proceeds. In the event of an election by Subtenant to terminate and surrender as provided in Section 14(a), the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Subtenant hereunder shall be as follows:

(i) First, to pay for the costs of demolition and restoration, if any, and removal of all debris from the Premises or adjacent and underlying property (including South Beach Park), and for the cost of any work or service to the Premises required by any statute, law, ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby and the cost of repaving the Premises, if requested by the Agency;

(ii) Second, to compensate any Mortgagee demanding payment of its Mortgage in accordance with its Mortgage and applicable law;

(iii) Third, to compensate Agency for any accrued and unpaid Rent and operating and maintenance costs owed by Subtenant to Agency;

(iv) The remainder to Subtenant.

(e) Effect of Termination. If this Sublease is terminated by operation of this Section 14, the parties shall have no further obligations to each other under this Sublease following the effective date of such termination, subject to payment to Agency of the accrued and unpaid Rent up to the effective date of termination; provided, however, that the indemnification hereof shall survive any such termination with respect to matters arising before the date of any such termination and with respect to any use of the Premises for demolition and other rights to enter as are allowed by this Section 14 after such date of termination. In addition, termination shall not limit the right of a Mortgagee to a New Sublease under Section 21 unless such Mortgagee has agreed otherwise. At Agency's request following any such termination, Subtenant shall deliver to Agency a duly executed and acknowledged quitclaim title deed suitable for recordation in the official records of the City and County of San Francisco, in form and content satisfactory to Agency and the Agency's General Counsel.

15. DAMAGE TO PERSON OR PROPERTY; INDEMNIFICATION

(a) Exclusive Use Area. Subtenant agrees to defend, hold harmless and indemnify the Agency and the City, including its Port, and their respective commissioners, officers, agents and employees, of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description directly or indirectly arising out of conduct of Subtenant's

tenancy in the Exclusive Use Area, its use of the Exclusive Use Area, any of its operations and activities thereon or connected thereto, and any of the activities of Subtenant or Subtenant Users (as defined in Section 5(b)) related to such operation and use, excluding the willful misconduct or the gross negligence of the person or entity seeking to be defended, indemnified or held harmless, but including any failure to comply with any law, statute, ordinance, rule, regulation or order of local, state and federal authorities now or later in effect, including, but not limited to, the Americans with Disabilities Act. Subtenant's covenant to defend, hold harmless, and indemnify shall inure to the benefit of the Agency, the Port and the City regardless of responsibility for negligence and availability of insurance proceeds and shall survive the expiration or earlier termination of this Sublease.

(b) Shared Use Area. Subtenant and Agency agree to defend, hold harmless and indemnify each other and their respective commissioners, officers, agents and employees, and Subtenant agrees to defend, hold harmless and indemnify the City, including its Port, and its commissioners, officers, agents and employees, of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description directly or indirectly arising out of conduct of the indemnifying party, its use of the Shared Use Area, any of its operations and activities thereon or connected thereto, and any of the activities thereon or connected thereto, excluding the willful misconduct or the gross negligence of the person or entity seeking to be defended, indemnified or held harmless, but including any failure to comply with any law, statute, ordinance, rule, regulation or order of local, state and federal authorities now or later in effect, including, but not limited to, the Americans with Disabilities Act. Agency's and Subtenant's covenant to defend, hold harmless, and indemnify shall inure to the benefit of the other party(ies) regardless of responsibility for negligence and shall survive the expiration or earlier termination of this Sublease.

(c) Obligation to Defend Agency and City. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Agency and City, including its Port, from any Claim which actually or potentially falls within the indemnification provision of this Section 15, even if allegations are or may be groundless, false or fraudulent. Subtenant's obligation to defend shall arise at the time such Claim is tendered to Subtenant's by Agency or City, including its Port, and shall continue at all times thereafter.

16. LIMITATION ON AGENCY AND CITY LIABILITY. Subtenant shall be responsible for any and all loss or damage to the Premises, for any alteration or improvements made thereon, and for any personal property situated on the Premises, including, but not limited to, damage caused by water, earthquake, fire, theft, vandalism and windstorm excluding the willful misconduct or the gross negligence of the Agency, neither the Agency and the City, including its Port, shall be liable for any damages arising from any act or omission of any other subtenant or user of the Agency Leasehold Parcels, ferry terminal and Ballpark or the Premises or for any other cost or expense arising out of Subtenant's or Subtenant's Users' use and occupancy of the Premises.

17. INSURANCE. Subtenant shall procure and maintain insurance coverage for the duration of the Sublease against claims for injuries to persons or damage to property which may arise from or in connection with the Sublease by Subtenant, its agents, representatives, employees or subcontractors. The Agency agrees that the amounts, types, limits and general requirements of the insurance which Subtenant is required to carry pursuant to Section 18 of the Port Ground Lease is adequate and complies with the Agency's requirements. The provisions of Section 18 of the Port Ground Lease are incorporated into this Agreement as if fully set forth herein and, except with regard to Section 18(b)(5) which the Agency agrees shall continue to mean the Port, all references to "Landlord" shall be construed to mean the Agency and except that with regard to Section 18.2, the Agency shall be entitled to participate in and consent to any settlement, compromise or agreement if the amount of any claim arising from or related to this Sublease exceeds $500,000. The Agency recognizes that such coverage shall be provided pursuant to the same policies covering the Ballpark. Subtenant shall name the Agency, the Port and the City and its Commissioners, officers, directors, employees and agents as additional insured under the liability policies and as to property insurance, as a loss payee as its interest may appear, subject to any rights of a Mortgagee.

18. HAZARDOUS MATERIALS.

(a) Definitions. For purposes of this Section, the following terms shall have the following meanings:

(i)"Handle" means use, generate, manufacture, process produce, package, treat, transport, store, emit, discharge, dispose or release of any Hazardous Materials ("Handling" will have a correlative meaning).

(ii) "Hazardous Materials Laws" means any federal, state, local or administrative law, rule regulation, order or requirement applicable thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended by Superfund amendments and Reauthorization Act of 1986 ("SARA") (42 U.S.C. Sections 9601-9657), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (collectively, "RCRA") (42 U.S.C. Sections 6901-6987), the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (collectively the "Clean Water Act") (33 U.S.C. Sections 1251 et. seq.), the Toxic Substances Control Act ("TSCA") (15 U.S.C. Sections 2601-2629); Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et. seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Law (commonly known as the "California Superfund" law) (California Health and Safety Code Sections 25300-25395); Hazardous Waste Control Act (California Health and Safety Code Section 25100 et. seq.); Hazardous Materials Release Response Plans and Inventory Law (commonly known as the "Business Plan Law") (California Health and Safety Code Sections 25500 et. seq.); Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et. seq.); Safe Drinking

Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (California Health and Safety Code Section 25249.5 et. seq.).

(iii) “Hazardous Material” means any petroleum or petroleum product, asbestos, polychlorinated biphenyls, underground storage tanks and the contents thereof, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials, including but not limited to any such materials defined in or regulated pursuant to any of the laws referenced in Section 18(a) above, and in any regulations adopted and publications promulgated pursuant thereto, as such laws or regulations may now exist or may exist in the future.

(iv) “Investigation” shall mean activities undertaken to determine the conditions and the nature and extent of Hazardous Materials which may be located on or under the Premises, or which have been, are being, or threaten to be Released to the environment.

(v) “Remediation” shall mean activities undertaken to cleanup, remove, contain, treat, stabilize, monitor or otherwise control Hazardous Materials located on or under real property or which have been, are being or threaten to be released into the environment.

(b) Compliance with Hazardous Materials Laws. Subtenant, at its sole cost and expense, shall be responsible, subject to terms and conditions of this Sublease, for causing the Premises and the Subtenant Improvements to comply with all Hazardous Materials Laws, including without limitation, any deed restrictions, deed notices, soils management plans or certification reports required in connection with any regulatory approvals, whether or not any such Hazardous Materials Laws are in the contemplation of the parties hereto. Without limiting the generality of the foregoing, Subtenant covenants and agrees that it will not Handle, nor will it permit the Handling of Hazardous Materials on, under or about the Premises, except in connection with the construction of the Subtenant Improvements or in the ordinary course of business of Subtenant or Subtenant Users and, in any such case, in compliance with all Hazardous Materials Laws and the Rules and Regulations attached as Exhibit J to the Port Ground Lease. Any other use or Handling of Hazardous Materials by Subtenant on or about the Premises shall require Agency's approval, which will not be unreasonably withheld, conditioned or delayed.

(c) Pre-existing Contamination. Notwithstanding the provisions of Section 18(b) above, Agency and Subtenant agree that if any regulatory agency requires Remediation of any Hazardous Materials during the term of this Sublease which Hazardous Materials either (i) became located in, on or under the Premises prior to the execution date of this Sublease through no fault of the Subtenant, or (ii) migrated onto the Premises through no fault of the Subtenant or any Subtenant User, then Subtenant shall have the option to terminate this Sublease as soon as reasonably practicable but in any event no later than sixty (60) days from the date of such regulatory agency's order to remediate, if, and only if, the cost of such Remediation exceeds three (3) times the then current Base Rent. In the event that Subtenant elects to terminate the Sublease as provided herein, the Subtenant shall provide Agency thirty (30) days written notice

of such election. Notwithstanding Subtenant's right to terminate, if Subtenant has commenced Remediation or its activities otherwise create any imminent discharge or release or danger to public health, safety or the environment, Subtenant shall undertake to completion any Remediation with respect to any Hazardous Materials on, under or about the Premises (x) in compliance with all applicable Hazardous Materials Laws, (y) to the reasonable satisfaction of Agency, and (z) in accordance with the orders and directives of all federal, state and local governmental authorities, including, but not limited to, the Regional Water Quality Control Board and the San Francisco Department of Public Health.

(d) Notice. Except for (x) building materials that do not contain asbestos, asbestos-containing materials, lead or polychlorinated biphenyl (PCBs); (y) Hazardous Materials that do not require a permit or license from a government agency, and (z) Hazardous Materials that need not be reported to a government agency, which Hazardous Materials are used in the construction of the Premises or in the ordinary course of Subtenant's business or any Subtenant Users' business and are used in compliance with all Hazardous Materials Laws, Subtenant shall advise Agency in writing promptly (but in any event within five (5) business days) after receiving notice of (i) the presence of any Hazardous Materials on, under or about the Premises; (ii) any action taken by Subtenant in response to any (A) Hazardous Materials on, under or about the Premises or (B) Hazardous Materials Claims; and (iii) Subtenant's discovery of the presence of Hazardous Materials on, under, or about any real property adjoining the Premises, including but not limited to the Ballpark. Subtenant shall inform Agency orally as soon as safely possible of any release or discovery of Hazardous Materials; provided that the obligation to give such notice shall not jeopardize or impede emergency response actions. In addition, Subtenant shall provide Agency with copies of all communications with federal, state and local governments or agencies relating to Hazardous Materials Laws (other than privileged communications) and all communication with any person relating to Hazardous Materials Claims (other than privileged communications).

(e) Agency's Approval of Remediation. Except as required by law or to respond to an emergency, Subtenant shall not take any Remediation in response to the presence, Handling, transportation or release of any Hazardous Materials on, under or about the Premises unless Subtenant shall have first submitted to Agency for Agency's approval in consultation with the Port, which approval shall not be unreasonably withheld or delayed, a written Hazardous Materials Remediation plan and the name of the proposed contractor which will perform the work. Agency shall approve or disapprove of such Hazardous Materials Remediation plan and the proposed contractor promptly (after consultation with the Port), but in any event within thirty (30) days after receipt of such plan and name of contractor. If Agency disapproves of any such Hazardous Materials plan, Agency shall specify in writing the reasons for its disapproval. Any such Remediation undertaken by Subtenant shall be done in a manner so as to minimize any impairment to the Premises. In the event that Subtenant undertakes any Remediation with respect to any Hazardous Materials on, under or about the Premises, Subtenant shall conduct and complete such Remediation (x) in compliance with all applicable Hazardous Materials Laws, (y) to the reasonable satisfaction of Agency, and (z) in accordance with the orders and directives of

all federal, state and local governmental authorities, including, but not limited to, the Regional Water Quality Control Board and the San Francisco Department of Public Health.

(f) Indemnity. Subtenant shall indemnify, hold harmless and defend Agency and City, including its Port, and their officers, agents and employees from and against any and all claims, demands, actions, causes of action, suits or administrative proceedings (actual or threatened), losses, costs, expenses, obligations, liabilities, or damages, including interest, penalties, engineering fees, consultant fees and attorneys' fees of every kind, nature and description (collectively "Claims") arising in any manner out of any injury to or death of any person or damage or destruction of any property occurring in, on, under or about the Premises, or any part thereof, whether to the person or property of Subtenant, its employees, agents, consultants, contractors, or subcontractors (collectively "Agents") or third persons, arising from or relating in any way to (i) any Handling of a Hazardous Material located in, on, under or about the Premises or which is migrating or has migrated from the Premises ("Hazardous Materials at the Premises") caused by Subtenant, Agents or Subtenant Users, or (ii) any failure of Subtenant to comply with Hazardous Materials laws and remediation plans; except solely to the extent of Claims resulting directly from the negligence or willful misconduct of Agency or City, including its Port, or their respective authorized representative.

(g) Obligation to Defend Agency and City. In addition to Subtenant's obligation to indemnify Agency and City (including its Port) as provided in Section 15, Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Agency and City (including its Port) from any Claim which actually or potentially falls within the indemnification provision of Section 18(c), even if allegations are or may be groundless, false or fraudulent. Subtenant's obligation to defend shall arise at the time such Claim is tendered to Subtenant's by Agency or City, including its Port, and shall continue at all times thereafter.

(h) No costs to Agency or City. This Agreement does not place any obligations on Agency or City, including its Port, to perform any Investigation or Remediation activities or expend any funds. Notwithstanding the above, in the event of an emergency which creates an imminent danger to public health or safety, as reasonably determined by Agency, the Agency may at its sole option, but shall not be obligated to, perform such Investigation or Remediation activities or expend any funds for and on behalf of Subtenant; provided that, if there is time, Agency first gives Subtenant such notice and opportunity to take corrective action as is reasonable under the circumstances. Subtenant acknowledges and agrees that all Investigation and Remediation activities conducted pursuant to this Sublease shall be done in a safe and reasonable manner, in accordance with a work plan approved in writing by Agency in consultation with the Port (except in the event of an emergency), and in accordance with all laws, regulations and orders of any governmental or other regulatory entity, including all Environmental Laws.

(i) Communication with Regulatory Agency. Subtenant and Agency agree to work cooperatively with any regulatory agency that oversees the Investigation and Remediation of any

Hazardous Materials at the Premises. To the maximum extent feasible, Subtenant and Agency agree to jointly communication with any regulatory agency and to provide copies to the other party of any correspondence sent to received from any regulatory agency that oversees Investigation and Remediation of any Hazardous Material at the Premises.

(j) No Agency or City Liability. Neither Agency or City, including its Port, shall be liable for any damage to the property of Subtenant, its officers, employees, agents, contractors or subcontractors, or their employees, or for any bodily injury to any such officer, employee, agent, contractor or subcontractor, or their employees, resulting or arising from the condition of the Premises or its use under this Sublease with the exception of damage or injury caused solely by the active, willful or intentional misconduct of the Agency or City, including its Port, and their respective officers, agents or employees.

(k) Survival. Any and all obligations of Subtenant hereunder associated with any Claim covered by Section 18(d) or (e) made or known during the term of this Agreement shall survive the termination of this Agreement.

19. DEFAULT.

(a) Events of Default. The occurrence of any one or more of the following events shall constitute an "event of default" under this Sublease:

(i) Subtenant fails to pay when due any Rent payable by Subtenant under this Sublease, which failure continues for ten (10) days following written notice by Agency to Subtenant;

(ii) an Event of Default (as defined in the Port Ground Lease) on the part of Subtenant (as Tenant) occurs under the Port Ground Lease, subject to the rights of any Mortgagee thereunder;

(iii) Subtenant fails to commence construction of the Subtenant Improvements or to complete same within the time limits set forth in this Sublease;

(iv) Subtenant fails to comply with the Permitted Uses and restrictions set forth in Section 5;

(v) Subtenant abandons or suspends construction of the Subtenant Improvements for a period of sixty (60) days after written notice by the Agency of such abandonment or suspension, except for a cessation of construction caused by a force beyond the reasonable control of Subtenant such as strikes, fire, acts of God, weather, government-imposed moratorium, walkouts, or injunction brought by a third party;

(vi) Subtenant voluntarily or involuntarily assigns, transfers or attempts to transfer or assign this Sublease or any rights in this Sublease, or in the Subtenant Improvements, except as permitted by this Sublease;

(vii) Subtenant, or its successor in interest, shall fail to pay real estate taxes or assessments on the Premises or any part thereof when due, or shall place thereon any encumbrance or lien unauthorized by this Sublease, or shall suffer any levy or attachment to be made, or any material supplier's or mechanic's lien or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged; provided, however, that Subtenant shall have the right, upon the posting of an adequate bond or other security, to contest any such lien. In the event of any such contest, Subtenant shall protect, indemnify and hold Agency harmless against all losses, damages, including attorneys' fees and costs resulting therefrom;

(viii) Subtenant shall be adjudicated bankrupt or insolvent or shall make a transfer in fraud of creditors, or make an assignment for the benefit of creditors, or bring or have brought against Subtenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act and, in the event such proceedings are involuntary, Subtenant is not dismissed from the same within one hundred twenty (120) days thereafter; or, a receiver is appointed for a substantial part of the assets of Subtenant and such receiver is not discharged within one hundred twenty (120) days;

(ix) Subtenant breaches any provision of the Owner Participation Agreement with the Agency (so long as it is in effect), including, without limitation, a failure by Subtenant to pay any shortfall in tax increment revenue from the Premises needed to pay debt service in full on the Tax Allocation Bonds as provided under the OPA, which default is not cured by Subtenant within any grace or cure period specified in the OPA with respect to such default, subject, however, to the rights of Mortgagee to cure any such default as specified in the OPA or this Sublease; or

(x) Subtenant breaches any material provision of this Sublease.

(b) Notification, Cure and Remedies

Upon the occurrence of any of the events described in Section 19(a) above (except Section 19(a)(i) or (viii) and any lapse in insurance coverage required herein, the Agency shall first notify Subtenant in writing of its purported breach, failure, or act above described, giving Subtenant thirty (30) days from receipt of such notice to cure such breach, failure, or act. In the event Subtenant does not cure or if the breach, failure or act is not reasonably susceptible to cure within that thirty (30) day period, begin to cure within thirty (30) days and thereafter diligently prosecute such cure to completion, the Agency, subject to the rights of the Mortgagees, thereafter shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (1) terminating in writing this entire Sublease; (2) prosecuting an action for damages; (3) seeking specific performance of this Sublease; or (4) any remedy available at law or equity.

On termination of this Sublease, Agency shall have the right to recover from Subtenant all sums allowed under California Civil Code Section 1951.2, including, without limitation, all of the damages set forth in Section 23.3 of the Port Ground Lease.

(c) Right to Keep Lease in Effect. Upon the occurrence of an Event of Default hereunder, Agency may continue this Sublease in full force and effect, as permitted by California Civil Code Section 1951.4 (or any successor provisions). Specifically, Agency has the remedy described in Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations). No act by Agency allowed by this Section 19c), nor any appointment of a receiver upon Agency's initiative to protect its interest under this Sublease, shall terminate this Sublease, unless and until Agency notifies Subtenant in writing that Agency elects to terminate this Sublease.

20. ASSIGNMENT AND SUBLEASE.

(a) Assignment by Subtenant. This Sublease shall not be assigned by Subtenant without the express prior written consent of the Agency; provided, however, that Agency consent is not required for an assignment or transfer of this Sublease, the Subleasehold Estate or any interest in the Subleasehold Estate to a Permitted Transferee (as defined in the Port Ground Lease) or to another assignee approved by the Port pursuant to the Port Ground Lease. Subtenant shall give Agency written notice of any transfer within a reasonable time following the effective date thereof, whether or not Agency's approval of such transfer is required under this Sublease.

(b) Mortgaging of Subleasehold. Notwithstanding anything herein to the contrary, at any time during the Term of this Sublease, Subtenant shall have the right, without Agency's consent, to mortgage, pledge, encumber, hypothecate or otherwise create security interests in Subtenant's Subleasehold Estate in accordance with the provisions of Section 21 of this Sublease, and to transfer the Subleasehold Estate or any interest therein to (i) a Mortgagee or other purchaser at a foreclosure sale under the provisions of a Mortgage or (ii) a Mortgagee, its

designee or nominee by conveyance in lieu of (or under threat of) foreclosure, or pursuant to a bankruptcy court order; provided that such Mortgagee, designee or nominee has assumed in writing all of Subtenant's obligations under this Sublease arising after its acquisition of such Subleasehold Estate. None of the provisions of this Section 20 shall modify or limit the rights of any Mortgagee under Section 21.

(c) Release. Subject to the terms and conditions of Section 20(d) below, Subtenant shall be entitled to a release from liability solely for obligations arising under this Sublease on or after the date of a transfer if, and only if, such a transfer is to (A) to a Permitted Transferee (as such term is defined in the Port Ground Lease) or (B) to a person other than a Permitted Transferee who has entered into a written contract with the Port for the Ballpark for the operation, leasing and management of the Ballpark by a Qualified Manager (as defined in the Port Ground Lease) pursuant to the terms and conditions of the Port Ground Lease.

(d) Delivery of Executed Assignment. No transfer of any interest in this Sublease will be effective unless and until there has been delivered to Agency an executed counterpart of an instrument, in recordable form, executed by the transferor and the transferee, wherein and whereby such transferee assumes responsibility for performance of all of the obligations of Subtenant under this Sublease arising on or after the date of the transfer (provided, however, that the failure of any transferee to assume this Sublease, or to assume one of Subtenant's obligations under this Sublease, will not relieve such transferee from such obligations or limit Agency's rights or remedies under this Sublease or under applicable law). The form of such instrument of assignment and assumption shall be subject to Agency's approval, which approval will not be unreasonably withheld or delayed, and shall be limited to the question of whether such instrument, when duly executed, will be legally adequate to accomplish its intended purpose under this Sublease.

(e) Subletting. Except as set forth herein, Subtenant shall not enter into any subleases with regard to the Premises without the express prior written consent of the Agency, which consent shall not be unreasonably withheld. Agency acknowledges that the Subtenant has entered into a Baseball Sublease (as defined in the Port Ground Lease) with San Francisco Baseball Associates L.P. (the "Team Owner" as defined in the Port Ground Lease). Subtenant has notified Agency that it intends to sublet the Premises under this Sublease to the same Team Owner (the "Service Area Sublease") and Agency agrees that Subtenant shall have right to enter into the Service Area Sublease with the same Team Owner, without prior approval of the Agency; provided that such Service Area Sublease is subject to and subordinate to this Sublease and to any New Lease pursuant to Section 21 herein. Subtenant shall provide a copy of such Service Area Sublease to Agency and Port at least ten (10) days prior to its execution for its review and a final copy of the executed sublease within fifteen (15) days of its execution.

(f) Subtenant Users and "Other Events". The Agency hereby consents to the use of the Premises by Subtenant Users in the course of Subtenant's business pursuant to Section 5(b) of this Sublease and to the use for "Other Events" pursuant to the Port Ground Lease; provided,

however, that each Subtenant shall require such Subtenant Users or "Other Event" users to obtain for the duration of its use of the Premises the insurance commercially reasonable and appropriate to such use and to include Agency and City, including its Port, in the indemnity. If Subtenant requires liability insurance policies, Subtenant shall require Agency and City, including its Port, be added as additional insureds as set forth in Section 17.

21. MORTGAGE FINANCING

(a) Incorporation of Port Ground Lease Provisions. Subtenant may assign, mortgage or encumber its interest under this Sublease to any Mortgagee under a Mortgage permitted by the Port Ground Lease, subject to and in accordance with the modifications as set forth below. The provisions of Section 42 of the Port Ground Lease are hereby incorporated into this Sublease as if fully set forth herein.

References in Section 42 of the Port Ground Lease shall have the following meanings as incorporated in this Sublease: "Landlord" shall mean Agency; "Tenant" shall mean Subtenant; "Lease" shall mean this Sublease; "Lease Estate" shall mean the leasehold estate created by this Sublease and referred to herein as Sublease Estate; "Improvements" or "Initial Improvements" shall mean Subtenant Improvements; and "New Lease" shall mean "New Sublease."

(b) No Subordination of Agency Leasehold, Leasehold Interest or Rent. Under no circumstances shall any lien or encumbrance placed by Subtenant on the Subleasehold Estate attach to Agency's leasehold interest or Port's fee interest in the Premises. Agency shall not be required to subordinate its interest in the Premises nor its right to receive Rent hereunder to any Mortgagee of Subtenant.

(c) No Encumbrances Except for Development Purposes. Notwithstanding any other provision of this Sublease; provided that the Mortgage (as defined in the Port Ground Lease) encumbers both the Subtenant's Leasehold Estate and interest in the Improvements under the Port Ground Lease and the Subleasehold Estate and interest in the Subtenant Improvements under this Sublease, Mortgage(s) are permitted to be placed upon the Subleasehold Estate and Subtenant's interest in the Subtenant Improvements without further approval or consent of the Agency for any purpose permitted in Section 42.4 of the Port Ground Lease. The reference to "Access Rights created or recognized hereunder" under Section 42.6 of the Port Ground Lease, shall be interpreted to mean any rights to the Shared Use Area created or recognized by this Sublease.

(d) Insurance and Condemnation Proceeds. A Mortgage shall contain provisions permitting insurance proceeds and awards under any condemnation relating to the Premises to be used for restoration of the Premises and Subtenant Improvements pursuant to Sections 14 and 23 of this Sublease.

(e) Institutional Lender; Other Permitted Mortgagees. In the event that Landlord consent is required under Section 42.8 of the Port Ground Lease, the Agency agrees no Agency consent shall be required provided that the Port has consented to such lenders pursuant to the terms and conditions of the Port Ground Lease.

(f) Mortgagee Not Obligated to Construct or Restore. A Mortgagee (as defined in the Port Ground Lease) shall not be obligated to construct, complete or restore (pursuant to Section 14) the Subtenant Improvements or to guarantee such construction, completion or restoration, nor shall any covenant or any other provision of this Sublease be construed so to obligate such Mortgagee; provided that if such Mortgagee is required to construct, complete or restore the Ballpark improvements pursuant to the Port Ground Lease, the Mortgagee shall also be required to construct, complete or restore the Subtenant Improvements under this Sublease. However, in the event the Mortgagee does undertake to complete or guarantee the completion of the Subtenant Improvements, nothing in this Sublease shall be deemed or construed to permit or authorize any such Mortgagee or its successors or assigns to devote the Premises or any portion thereof to any uses, or to construct any Subtenant Improvements thereon, other than those uses or Subtenant Improvements provided for or authorized in this Sublease. Notwithstanding the provisions of Section 42.12(k) and the Port's approval of any other lawful use of the Ballpark, to the extent any Mortgagee or its successors in interest wish to change such uses or construct different improvements, that Mortgagee or its successors in interest must obtain the written consent of the Agency Commission.

(g) Failure of Mortgagee to Complete Improvements. In any case where six months after assumption of obligations pursuant to Section 21(e) above, the Mortgagee of record of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Subleasehold Estate, having first exercised its option to construct, has not proceeded diligently with construction, the Agency shall be afforded the rights against such Mortgagee it would otherwise have against Subtenant under this Sublease for events or failures occurring after the assumption.

(h) Notices to Mortgagee. Agency shall give a copy of each notice that Agency gives to Subtenant from time to time of (i) any default under this Sublease; or (ii) the occurrence of any Event of Default to each Mortgagee who has provided a written notice to Agency certifying that it is a Mortgagee as defined in this Sublease and that it requests notices at the address set forth therein.

(i) [intentionally omitted]

(j) Mortgagee's Right to Cure. If Subtenant, or its successors or assigns, shall mortgage this Sublease in compliance with the provisions of this Section 21, then, so long as such Mortgage shall remain unsatisfied of record, the following provisions shall apply:

(i) Cure Periods. In the case of any notice of default given by Agency to Subtenant and Mortgagee in accordance with Section 21(j), the Mortgagee shall have the same concurrent cure periods as are given to Subtenant under the Port Ground Lease for remedying a default or causing it to be remedied; provided that the Mortgagee is not in default of the Port Ground Lease, the Baseball Sublease or the OPA. In addition; provided that the Mortgagee is not in default of the Port Ground Lease, the Baseball Sublease or OPA, the Mortgagee shall have the same right to extend the period for curing or commencing cure of a default by Subtenant as set forth in the Port Ground Lease, by an additional period identical to such extended period pursuant to the Port Ground Lease by paying making a deposit to Agency during such additional period equal to one-quarter of the Base Rent under this Sublease, which deposit shall be credited to the Mortgagee as Base Rent when such Base Rent becomes due and payable, and any sums owing by Subtenant under the OPA to pay any shortfall in tax increment revenue from the Premises needed to pay debt service in full on the tax allocation bonds.

(ii) Foreclosure. Anything contained in this Sublease to the contrary notwithstanding, upon the occurrence of an Event of Default, other than an Event of Default due to a default in the payment of money, Agency shall take no action to effect a termination of this Sublease if the Mortgagee shall have complied with the provisions of Section 42.12(b) of the Port Ground Lease as they apply to the Sublease and OPA. Upon obtaining possession or acquiring Subtenant's interest under this Sublease, a Mortgagee or foreclosure purchaser shall be required promptly to cure any monetary defaults and any other defaults under this Sublease and the OPA then reasonably susceptible of being cured by such Mortgagee. In addition to the conditions set forth in Section 42.12(b) of the Port Ground lease, the foregoing provisions of this Section 21(k)(ii) are subject to the following: (i) nothing herein contained shall preclude Agency, subject to the provisions of this Section 21, from exercising any rights or remedies under this Sublease or the OPA (other than a termination of this Sublease or the OPA to the extent otherwise permitted in this Sublease or in the OPA, respectively) with respect to any other Event of Default by Subtenant during the pendency of such foreclosure proceedings. Notwithstanding anything in this Sublease to the contrary, Mortgagee shall have the right at any time to notify Agency that is has relinquished possession of the Premises or that it will not institute foreclosure proceedings or, if such foreclosure proceedings have commenced, that it has discontinued them, and, in such event, Agency shall be entitled to seek the termination

of this Sublease and OPA as otherwise provided in this Sublease and in the OPA.

(k) New Sublease. The Mortgagee shall have the option to obtain a New Sublease as set forth in Section 42.12(d) of the Port Ground Lease only if the Port Ground Lease remains in effect or such Mortgagee also has an option, and has exercised such option, to enter into a New Lease for the Ballpark pursuant to the Port Ground Lease and Mortgagee will operate the Premises for the same uses and purposes as set forth in this Sublease. If the Port and such Mortgagee are entering into a New Lease, Agency shall be obligated to enter into New Sublease on the date on which Port and Mortgagee enter into such New Lease, which New Sublease shall be effective on the same date as the New Lease. Pursuant to Section 21(j)(i) and (ii), the New Sublease shall require the Mortgagee to perform any unfilled obligation of the Subtenant under this Sublease and the OPA which is reasonably susceptible of being performed by such Mortgagee.

(l) No Merger. No union of interests of Agency and Subtenant herein shall result in a merger of this Sublease in the Agency's Lease interest, so long as any Mortgage permitted hereunder shall be unsatisfied.

(m) Limitation on Obligation to Cure. A Mortgagee, or its Affiliated designee or nominee (as defined in the Port Ground Lease) shall have no obligation to cure except as set forth in Section 42.12(j) of the Port Ground Lease, except that if the Mortgagee reasonably determines to Restore the Improvements (as defined in the Port Ground Lease) at the Ballpark pursuant to such Port Ground Lease, the Mortgagee shall also be responsible for restoring the Subtenant Improvements.

22. PAYMENT OF TAXES. Subtenant promises to pay promptly all taxes, licenses, permit fees, charges and assessments of whatever nature applicable and assessed on the operation of its business and the Subtenant Improvements of Subtenant on the Premises. Subtenant agrees not to allow or suffer any lien to be imposed upon the Premises or upon any equipment or personal property located thereon without promptly discharging the same.

Subtenant agrees to pay, or cause to be paid, when due to the proper authority and prior to delinquency, any and all valid taxes, assessments and similar charges assessed on the Premises and the Subtenant Improvements constructed by Subtenant on the Premises and on the operation of Subtenant's business on the Premises during the Term, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Premises. Subtenant shall not permit any such taxes, charges or other assessments to become a defaulted lien on the Premises or the Subtenant Improvements thereon; provided, however, that in the event any such tax, assessment or similar charge is payable in installments, Subtenant may make, or cause to be made, payment in installments; and; provided further, that Subtenant may contest the legal validity or the amount of any tax, assessment or similar charge, through such proceedings as Subtenant considers necessary or appropriate, and Subtenant may defer the

payment thereof so long as the validity or amount thereof shall be contested by Subtenant in good faith and without expense to the Agency. In the event of any such contest, Subtenant shall protect, defend and indemnify the Agency against all loss, cost, expense or damage resulting therefrom, and should Subtenant be unsuccessful in any such contest, Subtenant shall forthwith pay, discharge, or cause to be paid or discharged, such tax, assessment or other similar charge. The Agency shall furnish such information as Subtenant shall reasonably request in connection with any such contest provided that such information is otherwise available to the public.

Subtenant specifically recognizes and agrees that this Sublease creates a possessory interest which is subject to taxation, and that this Sublease requires Subtenant to pay any and all possessory interest taxes levied upon Subtenant's interest pursuant to an assessment lawfully made by the City's Assessor. Subtenant further acknowledges that any sublease or assignment which may be permitted under this Sublease and any exercise of any option to renew or extend this Sublease may constitute a change in ownership, within the meaning of the California Revenue and Taxation Code, and therefore may result in a reassessment of any possessory interest created hereunder in accordance with applicable law. The Subtenant shall cooperate with Agency in any reassessment or reporting obligation imposed by the City Assessor for such possessory interest tax.

23. CONDEMNATION

(a) Parties' Rights and Obligations to be Governed by Agreement. If, during the term of this Sublease, there is any Condemnation (as defined in the Port Ground Lease) of all or any part of the site or any interest in the Subleasehold Estate is taken by Condemnation, the rights and obligations of the parties shall be determined pursuant to this Section 23. The provisions of this Section 23 governing allocation of the Awards (as defined in the Port Ground Lease) shall not, however, apply to a Condemnation by the Agency, City or any joint powers authority or similar public entity controlled by the Agency or City; provided that if (x) such Condemnation is by an entity other than the Agency or City and (y) such Condemnation permanently deprives the Agency of its leasehold interest or the City of its fee interest in the Premises, then the Award shall be allocated in accordance with the Eminent Domain Law of the State of California, California Code of Civil Procedure Section 1230.010 et. seq., as it may be amended, replaced or restated.

In the event of commencement of any proceedings or negotiations which might result in a Condemnation, the party learning of such proceedings shall promptly give written notice of such to the other party in accordance with the procedures and provisions of Section 13.1(b) of the Port Ground Lease.

(b) Condemnation of Ballpark. In the event that there is a Condemnation of the Ballpark pursuant to Section 13 of the Port Ground Lease and the Port Ground Lease is terminated thereby, the Subtenant and the Agency shall have the right to terminate this Sublease.

(c) Total Taking. If the Premises is totally taken by condemnation, this Sublease shall terminate on the date the condemner has the right to possession of the Premises.

(d) Partial Taking. If any portion of the Premises is taken by condemnation, this Sublease shall remain in effect, except that Subtenant may elect to terminate this Sublease if the Subtenant reasonably determines that the remaining portion of the Premises are rendered unsuitable for Subtenant's continued use of the Premises. If Subtenant elects to terminate this Sublease, Subtenant must exercise its right to terminate pursuant to this paragraph by giving notice to the Agency within thirty (30) days after the Agency notifies Subtenant of the nature and the extent of the taking and, if required by the Agency, shall demolish the Subtenant Improvements or restore them to a condition reasonably required by the Agency. If Subtenant elects to terminate this Sublease as provided in this Section, Subtenant also shall notify the Agency of the date of termination, which date shall not be earlier than thirty (30) days nor later than six (6) months after Subtenant has notified the Agency of its election to terminate; except that this Sublease shall terminate on the date the condemner has the right to possession of the Premises if such date falls on a date before the date of termination as designated by Subtenant. If Subtenant does not terminate this Sublease within such thirty (30) day notice period, this Sublease shall continue in full force and effect. In the event that Agency requires that the Subtenant Improvements be demolished or restored, the Award shall be allocated first to pay the costs of demolition or restoration reasonably incurred by the Subtenant, and then to the parties as set forth in Section 23(g).

(e) Effect on Rent. If any portion of the Premises is taken by condemnation or threat of Condemnation and this Sublease remains in full force and effect, then on the date of taking the Rent shall be reduced by an amount that is in the same ratio to the Rent as the value of the area of the portion of the Premises taken bears to the total value of the Premises immediately before the date of the taking.

(f) Restoration of Improvements. If there is a partial taking of the Subtenant Improvements and this Sublease remains in full force and effect pursuant to this Section, Subtenant may use the proceeds of the taking to reasonably accomplish all necessary restoration to the Subtenant Improvements.

(g) Award and Distribution. Any Award paid or received on a total or partial condemnation of the Premises or threat of condemnation of the Premises shall belong to and be distributed in the following order:

(i) First, to pay the balance due on any outstanding Mortgages to the extent provided therein;

(ii) Second, to pay for the restoration, if any, of the Premises in the event of a partial taking as set forth in Section 23(f).

(iii) Third, the Port, Agency and Subtenant shall each be allocated the value of their respective interests in the Premises (to the extent Condemned), together with interest thereon from the date of Condemnation to the date of payment at the rate paid in the Award, and Attorney's Fees and Costs (as defined in the Port Ground Lease), to the extent awarded. Severance damages, if any, shall reflect the extent that Agency or Subtenant shall be entitled due, respectively, to the Agency's right to Rent as set forth in Section 3 or to Subtenant's loss of rights on account of damage to Improvements to the Ballpark under the Port Ground Lease. If less than all of the Premises is Condemned, and this Sublease is terminated, the fair market value of the Premises which become the property of the Agency upon such termination shall be treated for purposes of this Section as received by Agency on account of its share of the Award and the cash payment payable to Agency shall be reduced by a like amount and instead paid to Subtenant;

(iv) Fourth, to Agency from the share otherwise allocated to Subtenant, in an amount equal to any accrued and unpaid Rent owed by Subtenant to Landlord under this Sublease for periods prior to the date of Condemnation.

(h) Temporary Condemnation. If there is a Condemnation of all or any portion of the Premises for a temporary period lasting less than the remaining Term of this Sublease other than a Partial Condemnation of a portion of the Premises for the remainder of the Term, this Sublease shall remain in full force and effect, there shall be no abatement of Rent, and the entire Award shall be payable to Subtenant.

(i) Payment to Mortgagees. In the event the Subtenant Improvements are subject to the lien of a Subleasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Subtenant, such award shall be disposed of as provided in the Mortgagee's loan documents, subject to the provisions hereof and applicable law.

24. RIGHT TO ENTER.

The Agency and the Port through its respective authorized agents, shall have the right at all reasonable times during normal business hours after twenty-four (24) hours written notice to Subtenant (except in the event of an emergency when no written notice is required) to go upon the Premises for the purpose of inspecting the same or for the purpose of posting notices of nonresponsibility, or for police or fire protection.

25. ESTOPPEL CERTIFICATE.

The Agency or Subtenant, as the case may be, shall execute, acknowledge and deliver to the other and/or to any Mortgagee, or prospective Mortgagee or assignee, promptly upon request, its certificate certifying (a) that this Sublease is unmodified and in full force and effect (or, if there have been modifications, that this Sublease is in full force and effect, as modified, and

stating the modifications), (b) the dates, if any, to which Rent has been paid, © whether there are then existing any charges, offsets or defenses against the enforcement by the Agency or Subtenant to be performed or observed and, if so, specifying the same, and (d) whether there are then existing any defaults by Subtenant or the Agency in the performance or observance by Subtenant or the Agency of an agreement, covenant or condition hereof on the part of Subtenant or the Agency to be performed or observed and whether any notice has been given to Subtenant or the Agency of any default which has not been cured and, if so, specifying the same.

26. QUITCLAIM.

Upon expiration or sooner termination of this Sublease, Subtenant shall surrender the applicable portions of the Premises to the Agency and, at the Agency's request, shall execute, acknowledge, and deliver to the Agency a good and sufficient quitclaim deed with respect to any interest of Subtenant in the same portions of the Premises.

27. EQUAL OPPORTUNITY.

Agency and Subtenant agree that, given the intertwined design and construction of the Subtenant Improvements, the Park Improvements and the Ballpark Improvements (as defined in the Port Ground Lease), in lieu of the Agency's standard Equal Opportunity provisions, Subtenant agrees to comply with all of the Program in Diversity requirements attached to the Port Ground Lease as Exhibit I in the performance of Subtenant's design and construction obligations under Sections 6 and 7 of this Sublease.

28. AGENCY LABOR STANDARDS PROVISIONS; OTHER SPECIAL PROVISIONS.

(a) Agency Labor Standards Provisions. Agency and Subtenant agree that, given the intertwined design and construction of the Subtenant Improvements, the Park Improvements and the Ballpark Improvements (as defined in the Port Ground Lease), in lieu of the standard Agency's Labor Standards provisions, Subtenant agrees to comply with the requirements of the Port's Prevailing Wage Provisions attached to the Port Ground Lease as Exhibit H in the performance of Subtenant's design and construction obligations under Sections 6, 8 and 12 of this Sublease.

(b) Special Provisions. Subtenant shall comply with the Special Provisions set forth in Section 45 of the Port Ground Lease, which Special Provisions are hereby incorporated by reference as if fully set forth herein.

29. CONFLICT OF INTEREST.

No commissioner, official, or employee of the Agency or the City shall have any personal or financial interest, direct or indirect, in this Sublease, nor shall any such commissioner, official, or employee participate in any decision relating to this Sublease which affects his or her personal

interests or the interests of any corporation, partnership, or association in which he is or she, directly or indirectly interested.

30. NO PERSONAL LIABILITY.

No commissioner, official, or employee of the Agency or City, including its Port, shall be personally liable to Subtenant or any successor in interest in the event of any default or breach by the Agency or for any amount which may become due to Subtenant or its successors or on any obligations under the terms of this Sublease.

31. NONDISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin or ancestry, gender, sex, age, marital status, disability or sexual orientation in Subtenant's use, occupancy, transferring or enjoyment of the Premises pursuant to this Sublease. Subtenant, or any person claiming under or through it, shall not establish or permit any such discrimination or segregation in connection with any of its activities.

32. AMERICANS WITH DISABILITIES ACT .

Subtenant shall comply with all applicable requirements of the Americans with Disabilities Act of 1990, as amended.

33. SURRENDER.

Upon the expiration or other termination of the Term of this Sublease, Subtenant shall quit and surrender the Premises to Agency in good order and condition, reasonable wear and tear excepted to the extent the same is consistent with the maintenance of the Premises in the condition required hereunder. The Premises shall be surrendered with all Subtenant Improvements, repairs, alterations, substitutions and replacements thereto, except that Subtenant shall have the right to remove its trade fixtures and other personal property. At Agency's request, Subtenant, at its sole cost and expense, shall remove any personal property belonging to Subtenant which remains on the Premises. Subtenant agrees to repair any damage, at its sole costs and expense, if such removal causes damage to the Premises. If this Sublease is terminated as a result of Subtenant's default, Agency, at its sole discretion, may elect to require Subtenant to remove any Subtenant Improvements, repairs, alterations, substitutions and replacements and to repair and restore the Premises to a good order and condition as when Subtenant completes the Subtenant Improvements, except for reasonable wear and tear and free from all debris and rubbish. Subtenant hereby agrees to execute all documents Agency may deem necessary to evidence or confirm any such other termination.

34. HOLDOVER.

Any holding over by Subtenant after the expiration or termination of this Sublease shall not constitute renewal hereof or give Subtenant any rights hereunder or in the Premises, except with the written consent of Agency. In any such event, at Agency's option, Subtenant shall be (i) tenant at sufferance, or (b) a month-to-month tenant at a Base Rent of 110% of the Base Rent in effect at the expiration of the Term.

34. NO RELOCATION BENEFITS.

Subtenant is not eligible and shall not become eligible for and hereby unconditionally and irrevocably waives any relocation payments or services by reason of this subtenancy or upon vacation of the Premises.

35. WAIVER.

The Agency's failure to seek a remedy for any default or breach of any provision by Subtenant shall not be construed to be a waiver of the Agency's right to do so. Acceptance of a partial payment of Rent shall not be deemed a waiver of the Agency's right to the full amount or performance of any other obligations of Subtenant. A waiver by the Agency of a particular breach or default shall not be deemed to be a waiver of any subsequent breach or default.

36. ATTORNEYS' FEES.

Subtenant agrees to pay all of Agency's costs and expenses, including attorneys' fees, incurred in the collection of any Rent due and unpaid under this Sublease. In any action or proceeding arising out of this Sublease, the non-defaulting or prevailing party (as the case may be) shall be entitled to any and all costs and expenses incurred by the non-defaulting or prevailing party, including, without limitation, reasonable attorneys' fees and costs. Any attorneys fees and costs incurred by a non-defaulting or prevailing party in enforcing a judgement in its favor shall be recoverable separately from and in addition to any other amount included in such judgement, and such obligation for attorneys fees and costs is intended to be severable from the other provisions of this Sublease and to survive and not be merged into any such judgement. For purposes of this Sublease, the reasonable fees of the Agency General Counsel (or its successor) shall be based on the fees regularly charged by private attorneys with the equivalent number of experience in the subject matter area of law for which the Agency General Counsel's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the San Francisco City Attorney (or its successor).

37. NOTICES.

All notices, demands, consents or approvals required under this Sublease shall be in writing and shall be deemed given when (a) delivered personally (or the next business day if

served personally on a day that is not a business day); (b) three (3) business days after being deposited in the U.S. Postal Service for delivery by registered or certified mail, first class postage prepaid, or (c) delivered (and confirmed) by a reputable overnight delivery service with charges prepaid or charged to the sender's account; provided, however that any notice pursuant to Section 5(d)(i) may be only be delivered personally or by telex or fax (and the recipient delivers a written confirmation of receipt, which may not be unreasonably withheld or delayed). The notices shall be addressed as follows:

If to the Agency:

San Francisco Redevelopment Agency
770 Golden Gate Avenue
San Francisco, CA 94102
Attention: Executive Director

with copy to Agency General Counsel at the same address.

and with copy to Port at:

San Francisco Port Commission
3100 Ferry Building
San Francisco, CA 94111
Attention: Executive Director

with copy to Port General Counsel at the same address.

If to Subtenant:

China Basin Ballpark Company LLC
3 Com Park at Candlestick Point
San Francisco, CA 94124
Attention: President

or to such other addresses as the parties may designate by notice as set forth above.

38. RELATIONSHIP TO PORT/AGENCY LEASES; NON-DISTURBANCE AND ATTORNMENT. The Subtenant agrees that at all times during the Term of this Sublease, this Sublease is subject and subordinate to the Port/Agency Leases. Except as expressly agreed by the Port, in the event of any conflict between this Sublease and the Port/Agency Leases, the provisions of the Port/Agency Leases will prevail. Subtenant acknowledges that the Port has agreed in the Port/Agency Leases and the Port Consent Agreement that if the Port/Agency Leases is terminated by either Agency or Port pursuant to such Port/Agency Lease(s); provided that no event of default has occurred and is continuing hereunder that would permit the termination of this Sublease, and subject to the other terms and conditions of the Port Consent Agreement, the termination of the Port/Agency Leases shall not result in the termination of this Sublease and the Sublease shall continue for the duration of the Term as a direct lease between the Port and Subtenant, with the same force and effect as if the Port had originally entered into this Sublease

as lessor hereunder. In the event such termination of the Port/Agency Leases occurs, the Agency shall provide prompt notice to the Subtenant. The Port shall, upon Subtenant's request, execute, acknowledge and deliver such agreements evidencing and agreeing to the foregoing as the Subtenant may require. At the Agency's or Port's request, the Subtenant covenants and agrees to attorn to the Port and to recognize the Port as the lessor hereunder.

39. MINERAL RIGHTS RESERVATION. The State of California, pursuant to the Burton Act, has reserved all subsurface mineral deposits, including oil and gas deposits, on or underlying the Premises. In accordance with the provisions of that statute, Agency and Subtenant acknowledge that the Port has granted to the State of California the right to explore and drill for and extract said subsurface minerals, including oil and gas deposits, but only from an area located by the California Grid System (where X = __________ and Y = __________).

40. OPERATING COVENANT REGARDING COCA COLA ATTRACTION AND BALLPARK RESTROOMS. The parties acknowledge that the Agency has previously approved the installation and operation of the Coca Cola children's play area at the Ballpark (the "Coca Cola Attraction"), as set forth in the attached **Exhibit D**. The Subtenant hereby agrees, subject to the provisions of this Section 40 and to the provisions of the Port Ground Lease, to permit public use of the restrooms at the location depicted as Public Restrooms on **Exhibit B-1**, during such reasonable hours as may be approved in writing by the Agency (in consultation with the Port) pursuant to the conditions of its approval of the Advertising Attraction at the Ballpark in **Exhibit D**. Such use shall commence upon the date of the first Baseball Home Game (as defined in the Ground Lease) and shall terminate upon the earlier of (a) the expiration or termination of this Sublease or (b) the removal from the Ballpark of the play structure in the shape of a traditional Coca Cola bottle approved as a part of the Attraction. The Subtenant shall provide at its sole cost, signage on the Premises, as reasonably requested by the Agency, for such public access and use of the restroom facilities, as depicted as "Public Restrooms" in **Exhibit B-1**. The Subtenant shall have the right to close such restrooms to use by the public as reasonably required for repair, maintenance or Restoration (as defined in the Port Ground Lease). Subtenant shall have the right to establish reasonable rules and regulations for the public's use of the restrooms. Nothing herein shall be deemed a dedication of any portion of the Ballpark to or for the benefit of the general public.

41. MITIGATION MEASURES.

Subtenant agrees that it shall comply with the mitigation measures attached hereto as **Exhibit E**.

42. TIME OF PERFORMANCE.

Time is of the essence in the performance of all the terms and conditions of this Sublease. All performance and cure periods expire at 5:00 p.m., San Francisco, California time, on the applicable date. A performance or cure date which otherwise

would be a Saturday, Sunday or Agency holiday shall be extended to the next Agency work day.

43. MISCELLANEOUS.

(a) Entire Sublease and Amendment. This Sublease represents the complete agreement between the parties and, except where the Sublease specifically provides otherwise, may be altered or amended only in a writing signed by both parties, subject to the consent or approval of the Port if applicable.

(b) Successors and Assigns. This Sublease shall be binding upon and inure to the benefit of the successors and assigns of the Agency and the Subtenant. Where the term "Subtenant" or "Agency" is used in this Sublease, it shall mean and include their respective successors and assigns; provided, however, that the Agency shall have no obligation under this Sublease to any unapproved successor or assign of Subtenant where Agency approval of a successor or assign is required by this Sublease.

(c) Severability. If any provision of this Sublease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision and all other provisions shall remain in full force and effect.

(d) Governing Law. This Sublease shall be governed by the laws of the State of California.

(e) Authority. The undersigned signatory of Subtenant represents and warrants that he or she has full power and authority to enter into this Sublease and to bind the Subtenant in accordance with its terms.

(f) Incorporation of Exhibits. The following Exhibits are attached to this Sublease and by this reference made a part hereof:

Exhibit A	Port/Agency Leases
Exhibit B-1	Map of Premises
Exhibit B-2	Legal Description
Exhibit C	Port Consent Agreement
Exhibit D	Agency Approval of Advertising Attraction
Exhibit E	Mitigation Measures

Attachment “1"	Park Improvements Scope of Services and Schedule of Performance
Attachment “2"	Scope of Improvements
Attachment “3"	Schedule of Performance

IN WITNESS WHEREOF, the Agency and Subtenant have executed this instrument as of the date first written above.

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF
SAN FRANCISCO

By____________________
James Morales
Executive Director

SUBTENANT:
____
____

By________________________
____
Its______________________

Property Management Approval:

By______________________

Real Estate Approval:

By___________________

Chief, Division of Real Estate

APPROVED as to form:

By___________________
Robert A. Firehock
Acting Agency General Counsel

EXHIBIT E

MITIGATION MEASURES

The Agency adopted findings pursuant to the California Environmental Quality Act ("CEQA") in connection with the approval of this Sublease under Agency Commission Resolution No. _____. These findings include mitigation measures which will be implemented and monitored by the Agency and other agencies pursuant to the mitigation monitoring program adopted by the Agency. The numbering system below corresponds to the system used in the mitigation monitoring program adopted as part of the Ballpark approvals.

C2. PILE-DRIVING NOISE

Consult with the Port to determine the times when pile driving would cause the least disturbance to neighboring uses. Require the construction contractor to limit pile-driving activity to result in the least disturbance to people. This could require a work permit from the Director of Public Works pursuant to San Francisco Noise Ordinance Section 2908, if pile driving during nighttime hours were required.

Require the construction contractor to pre-drill holes for piles (if feasible, based on soils) to the maximum feasible depth, to minimize noise and vibration from pile driving. The actual pounding from pile driving would occur during a five-to-eight-minute span per pile, if pre-drilling is feasible.

D1. CONSTRUCTION PM_{10}

Require the contractor to implement the following mitigation program, developed from the Bay Area Air Quality Management District's (BAAQMD) master list of feasible PM_{10} control measures, at all construction sites of the proposed project:

- Water all active construction areas at least twice a day, or as needed to prevent visible dust plumes from blowing off-site;

- Use tarpaulins or other effective covers for on-site storage piles and for haul trucks that travel on streets;

- Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all *unpaved* parking areas and staging areas at construction sites;

- Sweep all *paved* access routes, parking areas, and staging areas daily (preferably with water sweepers);

- Sweep streets daily (preferably with water sweepers) if visible amounts of soil material are carried onto public streets; and

- The BAAQMD recommends suspending excavation and grading on large construction sites when high winds cause visible blowing dust. This

measure would be included by the Developer as a condition of the construction contract.

- Obtain reclaimed water from the Clean Water Program for dust control purposes during construction.

F1. SHALLOW-DRAFT TUGBOATS FOR TURBIDITY MINIMIZATION

Specify in construction contracts that if tugboat use or pile driving activities in the Bay were scheduled during the peak spawning season of December 1 to March 1 the following conditions must be fulfilled:

- A professional fisheries biologist, or other individual sufficiently competent to identify herring spawning activity, would monitor the project site daily at any time when tugboats are in use or any pile driving activity occurs in the Bay;

- In the event that the on-site biologist or qualified staff person detects herring spawning at, or within 200 meters of, tugboat berthing areas or areas in the Bay where pile driving activity is taking place, the biologist or qualified staff person would immediately notify the Environmental Review Officer and the ballpark construction manager who would cease tugboat use and/or all pile driving activity in the Bay for a minimum of 14 days, or until the on-site biologist determines that the hatch has been completed and larval herring have left the site. Tugboat operations and pile driving activity in the Bay may be resumed thereafter.

F3. SILT CURTAIN FOR SUB-MARINE PILE-DIVING AND BULKHEAD REPAIR

Install a silt curtain for sub-marine pile-driving activities around each pilot hold location prior to drilling the holes and driving the piles.

Ensure that an underwater silt curtain by used to surround areas of the bulkhead that are scheduled for repair during the peak spawning season.

F4. DEBRIS CONTROL DURING BULKHEAD REPAIR

Require the contractor for the bulkhead repair work to use suspended or floating platforms covered with tarps and to use catch-nets. Replace tarps as necessary. Place catch-nets of a sufficient gauge beyond the edges of the platforms and placed flush against the curtain wall of the bulkhead to ensure that all debris is prevented from entering the Channel.

B11. SPECIAL EVENTS

Implement elements of the Transportation Management TMP, as appropriate and as recommended by BTCC, for Special Events.

C1. CONCERT NOISE

All Special Events featuring liver amplified music shall comply with all applicable laws, including but not limited to the San Francisco Police Code. With the exception of five (5) concerts per year, the following additional restrictions on noise shall apply: perform a sound test, and on the basis of this test, establish a limit on music noise in the Premises that would result in increases in exterior noise at representative residential receptors in the adjoining neighborhood of no greater than 3 decibels above the then-existing ambient hourly average (L_{eq}) noise levels at those receptor locations.

ATTACHMENT NO. 2

SCOPE OF IMPROVEMENTS

I. GENERAL DESCRIPTION OF DEVELOPMENT

The Exclusive Use Area and the Shared Use Area are bordered roughly by King Street, South Beach Park, China Basin Channel and Pacific Bell Park (the "Ballpark"), as more particularly depicted in Exhibits ___ to the Sublease. Owner shall construct: (i) on the Exclusive Use Area certain improvements associated with truck and vehicle access and loading; and (ii) on the Shared Use Area, certain improvements for purposes of pedestrian and vehicular access, ingress and egress, and the construction, repair and maintenance of landscaping and other improvements, all as more particularly described below.

Initially capitalized terms not otherwise defined in this Exhibit shall have the meaning given them in the Sublease.

II. IMPROVEMENTS AND DEVELOPMENT STANDARDS

The improvements consist of the following elements, which shall comply with all legal requirements including, but not limited to, the development standards described below:

A. General. The improvements described below shall be of high quality and appearance, complementary to the adjacent Pacific Bell Park ("Ballpark") and South Beach Park.

B. Exclusive Use Area

The improvements consist of an asphalt surface with concrete curbing. The surface may be striped, signed or otherwise designated to denote access, parking and/or loading areas. A gate at the entrance to the Exclusive Use Area consisting of high quality materials and design will be installed.

C. Shared Use Area

1. Public Walkway/Driveway. The public walkway/driveway depicted as area "A" in Attachment 1 begins at the southwest corner of King and Second Streets, along the eastern facade of the Ballpark and continues alongside the parcel currently leased to the ILWU to provide pedestrian access to the circulation square and palm allee from either side of the driveway. From the corner, it continues along the Ballpark wall until it reaches a paved circulation square. The walkway is paved in the same or substantially similar light gray concrete field as the City sidewalk. The driveway is an asphalt surface.

2. Circulation Square. The circulation square, depicted as area "B" in Attachment 1, is a paved, light gray concrete field with graphic bands in a darker gray. The center is a circle laid with San Francisco street cobblestones. The surface of the square is flush, with separate circulation areas for pedestrians and vehicles delineated by banded lanes and bollards on the four sides of the square. The center is designed with a cobbled circle, which discourages diagonal pedestrian crossing. At the southern edge of the square, a gate of visually open construction provides a vehicular entrance from the square to the service bays into the Exclusive Use Area. At the southeastern corner of the square, a banded circle marks the pedestrian entry to the palm allee described below. The path of travel for pedestrians and drivers will be clearly demarcated.

3. Palm Allee. The palm allee, located adjacent to the South Beach marina parking area and depicted as area "C" in Attachment 1, leads from the circulation square down to the Centerfield Plaza and Portwalk areas of the Ballpark. The allee area is a paved, light gray concrete path. Graphic signage marks this entry area and indicates the pedestrian route. Palms are planted on both sides of the walk in a triangulated pattern, approximately 19-21 feet on

center. The palms are Washingtonia hybrids, the same type used elsewhere on the Ballpark site. Tall trunks with distinctly shaped heads give a vertical marking to the public walkway.

Along the eastern side of the walk, individual palms are installed with tree grates to encourage pedestrian accessibility throughout the area. The palm trees on the east side are approximately 35 feet bare trunk height with heads of approximately 16 feet in diameter. Pedestrian light fixtures are located on this side at mid-point between every other palm.

Along the west side of the walk is a continuous strip of planting. Washingtonia hybrid palms of approximately 50 feet bare trunk height are planted at approximately 19-21 feet on center spacing. The heads of these palms are approximately 16 feet in diameter. Between the palms is a linear planting of bamboo. The bamboo has yellow canes with vertical bright green stripes along the length of each cane and deeper green fronds. The bamboo will be installed at an approximately 12-14 foot initial height. An approximately 8 foot architecturally designed security fence in a steel frame will be installed along the western edge of the planting bed.

4. Walkway/Emergency Access Route. At the south end of the allee the light gray paved concrete walkway continues south and connects to the plaza, as depicted in area "D" in Attachment 1. The walkway includes an emergency access gate of visually open construction separating this area from the Exclusive Use Area and allowing emergency access from the driveway, through the circulation square and Exclusive Use Area.

5. Plaza. The plaza is located in the southeast corner of the Shared Use Area depicted in area "E" in Attachment 1 and, together with adjacent plaza improvements on the Ballpark site, forms the Centerfield Plaza. The plaza paving is gray colored concrete with a double band of red brick pavers creating a "sock stripe" along the plaza perimeter, as is typical of

plaza treatment in other corners of the Ballpark site. Washingtonia hybrid palms (approximately 38 feet bare trunk height) are planted in approximately 8 foot diameter tree grates.

6. Lighting. The Exclusive Use Area and the Shared Use Area will include lighting as reasonably required for aesthetic and safety purposes, designed to be compatible with uses. Fixtures will be designed to focus light down on the site and reduce light spill.

7. Signage. The Shared Use Area will include signage as reasonably required to direct the public to access areas, including the South Beach Marina, and the adjacent ferry landing. The Shared Use Area may also include directional signs related to uses within the Ballpark. All signage shall be consistent with the Port Sign Guidelines, Exhibit G to the Ground Lease. Signage will include, at a minimum, an entry sign over the public walkway indicating the ferry landing location. It will also include a sign or signs at the entrance to the Exclusive Use Area directing the public to South Beach Harbor and the ferry landing, if such signage is not otherwise provided on the adjacent roadway.

8. Furniture. Any amenities and utilities shall be coordinated in design and placement and shall be placed so as not to impede movement. All elements of the public environment shall be highly useable, durable and attractive, both individually and as an ensemble.

9. Access. The Shared Use Area shall be safely accessible to all persons, and in full compliance with all governmental regulations and standards relating to such access. Accessibility shall be an integral and attractive part of the overall design.

III. GENERAL CONSTRUCTION REQUIREMENTS

A. General. The construction of the improvements shall be performed in accordance with applicable Mitigation Measures and Improvement Measures as defined in the LDDA and in a workerlike, safe and orderly manner so as to minimize, to the extent reasonably feasible, disturbance to the adjoining property.

B. Dust and Disturbance. During construction of the improvements, reasonable precautions shall be taken to minimize dust and disturbance to adjacent properties in accordance with the Mitigation Measures.

C. Construction Barricade. During construction of the improvements, a construction barricade shall be erected and maintained at the perimeter of the portion(s) of the Exclusive Use Area and the Shared Use Area where work is occurring.

IV. DEVELOPER SUBMITTALS

Developer submittals of Construction Documents for the Exclusive Use Area and the Shared Use Area are specified in Section _____ of the Sublease.

V. SEVERABILITY

If any provision of this Scope of Improvements, or any application thereof to any person or circumstances, shall be held invalid, void or unenforceable for any reason, the remaining portions of this Scope of Improvements and the application thereof to other persons or circumstances shall be unaffected thereby.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

INTRODUCTION

Several principles apply to an effective understanding of this Schedule of Performance: (i) all terms used herein have the same meanings as provided in the Sublease to which this Schedule of Performance is attached (the "Sublease"); (ii) parenthetical numbers are references to sections of the Sublease, as the dates described herein are not exhaustive of all dates described in the Sublease; (iii) all Required Completion Dates provided for in this Schedule of Performance may be extended by applicable Force Majeure provisions or as otherwise provided for in the Sublease; (iv) the Target Completion Dates provided herein are for informational purposes only and are not binding in any way on the Agency or the Subtenant, except as otherwise specifically provided in the Sublease; and (v) in the event of an inconsistency between this Schedule of Performance and the Sublease, the Sublease shall prevail.

Event	Required Completion Date
Approval - Schematic Drawings. Agency must approve, disapprove or approve conditionally the Schematic Drawings, in writing. (Section 6.12(b))	Approved prior to execution of Sublease.
Submission - Final Construction Documents. Subtenant shall submit the Final Construction Documents to the Agency for review and approval as provided in Section 6(c).	No later than 60 days following the date of the Sublease, unless Subtenant has elected the Site Permit process. If Subtenant has elected to use the Site Permit process, then in accordance with the approved schedule.
Approval - Final Construction Documents. Agency must approve, disapprove or approve conditionally the Final Construction Documents, in writing. (Section 6(d)).	Within 30 days of submittal or in accordance with approved schedule.
Resubmittal – Construction Documents. If Agency disapproves or conditionally approves the Construction Documents, in whole or in part, Subtenant must resubmit the Construction Documents to the Agency for review and approval as required by Section 6(e).	As expeditiously as possible and Subtenant may continue making resubmissions until the approval of such submissions or the later of (i) the time specified in any conditional approval; or (ii) the last date for Delivery, as either may be extended by the Agency.

Event	Required Completion Date
Commencement of Construction of Improvements. Subtenant shall use its best efforts to commence construction of the Improvements on the Site, including site preparation and demolition. (Section 6)	90 days after the date of the Sublease.
Completion of Construction of Improvements. Subtenant shall use its best efforts to complete construction of the Improvements on the Site. (Sections 6)	April 1, 2000 (Coincident with completion of the Ballpark).
Submission - Request for Certificate of Completion. Subtenant may request in writing from the Agency a Certificate of Completion. (Section 7)	After construction of the Improvements Subtenant has been completed by Subtenant in accordance with all provisions of the Sublease.
Approval – Certificate of Completion. The Agency shall act on Subtenant's request for a Certificate of Completion. (Section 7)	Within 30 days of receipt of the request.

EXHIBIT C

CONSENT AND ACKNOWLEDGMENT

THIS CONSENT AND ACKNOWLEDGMENT (this "Agreement"), dated for reference purposes as of September __, 1999, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), operating by and through the San Francisco Port Commission ("Port") and CHINA BASIN BALLPARK COMPANY LLC, a Delaware limited liability company ("CBBC"), and is made with reference to the following facts and circumstances:

A. The Port, by leases dated as of February 15, 1995, September 7, 1997, September 11, 1997 (individually and collectively, the "Port/Agency Leases"), leased certain real property known as Parcel M-3, Parcel M-4A, Parcel M-5, and Parcel S-6 (the "Agency Leased Parcels") to the Redevelopment Agency of the City and County of San Francisco (the "Agency") for the purpose of redevelopment in accordance with the Rincon Point - South Beach Redevelopment Plan. The terms of the Port/Agency Leases, if not earlier terminated, expire on September 26, 2050.

B. The Port, as Landlord, and CBBC, as Tenant, entered into that certain Ground Lease dated as of November 26, 1997 (the "Ground Lease"), whereby CBBC leased property known as Piers 46B and 46C, Seawall Lot 336 and Assessor's Block 3794, Lots 3B and 27 and more particularly described as the "Premises" in the Ground Lease, from the Port, for the private development by CBBC of a new open-air waterfront ballpark to exhibit Major League baseball games of the San Francisco Giants, together with complementary retail and commercial space. The maximum term of the Ground Lease, if CBBC were to exercise all of its options for Extended Terms (as defined therein), and if the Ground Lease is not earlier terminated, expires on December 31, 2063.

C. CBBC and the Agency entered into an Owner Participation Agreement dated as of October 20, 1997 (the "OPA") relating to the development of the Ballpark (as defined in the Ground Lease). The OPA included, among other provisions, the grant by the Agency to CBBC of a non-exclusive easement over the "Access Parcel" as defined therein, for the purposes of pedestrian and vehicular access, ingress and egress in connection with the uses permitted under the Ground Lease. The Port consented to the grant of this easement in the Ground Lease and also granted such easement directly to CBBC under the Ground Lease.

D. The Port is the fee owner of the Agency Leased Parcels and the Ballpark Premises, as trustee under the Tidelands Trust (as defined on the Ground Lease), and will retain such sole title and ownership of such property at all times under the Ground Lease and the Port\Agency Leases.

E. Concurrently with the execution of this Agreement, the Agency and CBBC are entering into a Sublease (the "Sublease") in the form attached hereto as Exhibit A, pursuant to which the Agency, as Sublessor, is subleasing to CBBC, as Subtenant, a portion of the Agency Leased Parcels adjacent to the Ballpark Premises, for a maximum term, including options for extended terms, coincident with the terms of the Port\Agency Leases.

F. Also concurrently with this Agreement, and in light of the grant of exclusive and non-exclusive rights to CBBC over most of the same and some additional property under the Sublease, the Agency and CBBC are entering into a First Amendment to Owner Participation Agreement (the "First Amendment to OPA"), which, among other things, terminates the easement over the Access Parcel granted under the OPA.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Consent to Sublease and First Amendment to OPA; Modification of Ground Lease. Subject to the terms and conditions of this Agreement, the Port consents to the Sublease and to the First Amendment to OPA. Such consent is conditioned upon approval by the Port Executive Director, or his designee, of refinements to the design for the Subtenant Improvements (as defined in the Sublease) with respect to the matters, if any, listed on Exhibit B attached hereto, which approval shall not be unreasonably withheld or delayed. The Port and CBBC acknowledge that during the term of the Sublease pedestrian and vehicular access, ingress and egress in connection with the uses permitted under the Ground Lease, which had been intended to be provided over CBBC's non-exclusive easement in the Access Parcel granted under the OPA, has been adequately provided for under the Sublease. Accordingly, the Port and CBBC agree that Section 1.1(b)(i) of the Ground Lease is hereby modified to (i) acknowledge the termination pursuant to the First Amendment to the OPA of the non-exclusive easement over the Access Parcel granted by the Agency under the OPA; (ii) provide that the non-exclusive easement over the Park Access Parcel, as defined in the Ground Lease, granted by the Port under the Ground Lease shall remain in effect, subject to Section 5 of this Agreement below, only

during the period, if any, by which the term of the Ground Lease (including renewal and extension options thereunder) extends beyond the maximum term of the Sublease, except that the Park Access Parcel shall exclude the southeastern portion upon which parking improvements to serve South Beach Park and the marina are to be constructed in accordance with the Sublease; and (iii) provide that except as to the balance of the term of the Ground Lease and under the circumstances described in the preceding clause, the non-exclusive easement over the Park Access Parcel granted by the Port under the Ground Lease is terminated.

2. Confirmation of Development Sublease. The Port agrees and confirms that the Sublease constitutes a "Development Sublease" for all purposes under the Agency/Port Leases, recognizing that the Sublease may vary in certain respects from the requirements of a Development Sublease otherwise set forth in the Agency/Port Leases, including with regard to (i) the payment of rent for Special Events in light of the difficulty of allocating revenues to the exclusive use area of the sublease premises and (ii) the terms for approval of an assignment in view of the rights of CBBC to assign the Ground Lease with the Port.

3. Attornment. In the event of any termination of the Agency\Port Leases by the Port due to the Agency's default thereunder (following any notice and cure provisions provided therein, including mortgagee protection provisions), or by any other manner or for any other reason, it is agreed that the Subtenant under the Sublease shall be bound to the Port and, subject to Section 4 below, the Port shall be bound to the Subtenant, under all of the terms, covenants and conditions of the Sublease for the remaining balance of the term thereof, with the same force and effect as if the Port were the original landlord under a direct lease to the Subtenant, and the Subtenant shall attorn to the Port, such attornment to be effective and self-operative without the execution of any further instruments on the part of any of the parties to this Consent and Acknowledgment, immediately upon the Port succeeding to the interest of Agency under the Sublease.

4. Nondisturbance. So long as the Subtenant is not in default under the Sublease, which default shall not have been cured or is not in the process of being cured within the applicable grace period provided for in the Sublease, the Port shall: (i) recognize the Sublease to be in full force and effect; (ii) not disturb or terminate the Subtenant's subleasehold estate under the Sublease by reason of any default by Agency under the Port/Agency Leases; and (iii) permit the Subtenant to remain in quiet and peaceful possession of the Subleased Premises throughout

the balance of the term of the Sublease (including, without limitation, any extension or renewal terms thereunder) in accordance with the provisions of the Sublease; provided, however:

(a) the Port shall not be liable for or obligated to cure any monetary default under the Sublease occurring prior to the time that the Port succeeds to Agency's interest under the Sublease, nor be subject to any offsets, defenses or claims that the Subtenant may be able to assert against Agency;

(b) the Port shall not be liable for or obligated to cure any non-monetary default under the Sublease occurring prior to the time the Port succeeds to Agency's interest under the Sublease;

(c) the Port shall not be bound by any modification or amendment of the Sublease (including, without limitation, any modification to the Scope of Improvements) made without the Port's written consent, except for minor changes in the description of the Subleased Premises to conform to as-built conditions;

(d) the Port shall not have any obligation with respect to the preparation of design and construction documents for the "Park Improvements" as defined in the Sublease, nor shall the Port have any obligation to pay, reimburse or indemnify CBBC for the design and/or construction of the Park Improvements; and

(e) from and after the date of attornment of the Subtenant to the Port pursuant to Section 4 (the "Date of Attornment") the provisions of Sections 45.1, 45.3, 45.4, 45.5 and 45.6 of the Ground Lease shall be deemed to be incorporated by reference and made a part of the Sublease as if set forth in full therein (to the extent not already incorporated) except that "Subtenant" shall be substituted for "Tenant" as set forth in such sections of the Ground Lease and further provided that from and after the Date of Attornment the Subtenant shall comply with the applicable requirements (as in effect as of the date hereof) of the First Source Hiring Ordinance (Chapter 83 of the San Francisco Administrative Code), the Pesticide Ordinance (Section 39.9 of the San Francisco Administrative Code) and the Resource Efficient Building Ordinance (Chapter 82 of the San Francisco Administrative Code).

5. Lease. On or before the expiration of the term of the Sublease, the Port, subject only to prior approval by the Board of Supervisors and the Mayor of the City, in their respective sole and absolute discretion, shall, upon not less than 120 days' advance written request of the then Tenant under the Ground Lease, enter into a lease of the Subleased Premises directly to

such Tenant (i) for a term commencing on the date of the expiration of the Sublease and continuing for a term coinciding with the then remaining term of the Ground Lease (including any extension or renewal options thereunder), (ii) for the uses permitted under the Sublease and at the same rent and on the same financial terms and conditions as provided in the Sublease, and (iii) otherwise in substantially the same form as the Ground Lease, subject to such new or modified provisions as may then be required under applicable law, including ordinances of the City. If the Port and CBBC enter into such lease either through an amendment to the Ground Lease or otherwise, then the non-exclusive easement over the Park Access Parcel for the balance of the term of the Ground Lease referred to in Section 1 of this Agreement shall automatically terminate as of the commencement of such lease. If, however, the Port and CBBC do not enter into such lease, then such non-exclusive easement shall be in effect for the balance of the term of the Ground Lease as provided in Section 1 of this Agreement.

6. No Further Modifications to Ground Lease. The Port and CBBC agree that except as otherwise provided in this Agreement, the Ground Lease shall remain unmodified and in full force and effect.

7. Conditions to Effectiveness. This Agreement shall become effective upon the occurrence of all of the following: (i) the execution and delivery of this Agreement by the Port and CBBC; (ii) the execution and delivery of a consent to this Agreement by the Agency; and (iii) the execution and delivery of one or more instruments consenting to this Agreement by any Mortgagee whose consent is required under the Ground Lease.

8. General Provisions. This Agreement is made subject to the provisions for notices contained in Section 39 of the Ground Lease and to the general provisions set forth in Sections 46.2, 46.3, 46.4, 46.5, 46.7, 46.8, 46.9, 46.10, 46.14 and 46.16 of the Ground Lease, and such provisions are deemed incorporated herein by reference as if set forth in this Agreement and made applicable hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

CHINA BASIN BALLPARK COMPANY
LLC, a Delaware limited liability company

By ____________________________
Print Name______________________
Its ____________________________

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

By _________________________
Noreen Ambrose
Port General Counsel

CITY AND COUNTY OF SAN FRANCISO,
a municipal corporation, operating by and
through the San Francisco Port Commission

By _________________________
Douglas F. Wong
Executive Director

CONSENTED TO:

APPROVED AS TO FORM

By _________________________
Robert A. Firehock
Acting Agency General Counsel

REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO

By _________________________
James B. Morales
Executive Director

EXHIBIT A

SUBLEASE

[ATTACH FORM OF SUBLEASE TO BE EXECUTED]

EXHIBIT B

DESIGN REVIEW FOR REFINEMENTS TO SCOPE OF IMPROVEMENTS

Further design details shall be submitted to the Port Executive Director, or his designee, for review and approval for the following proposed components of the Subtenant Improvements, including color and materials samples if appropriate:

The public walkways (i.e. width and hardscape) within the shared access areas;

The circulation square, including ferry terminal drop-off areas;

Signage, including location and design of directional signs for the ferry terminal;

The entry gate from the circulation square to the exclusive area; and

Lighting within shared access areas.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 21, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Award Construction Contract No. 2662, "Maintenance Dredging", to Dutra Dredging Company.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE EXECUTIVE DIRECTOR TO AWARD CONTRACT NO. 2662 FOR MAINTENANCE DREDGING TO DUTRA DREDGING COMPANY

The Port Commission authorized the advertisement of Construction Contract No. 2662 at its regular meeting on July 27, 1999. This contract provides for removal of 547,700 cubic yards of dredge material through December 2000, as part of the Port's maintenance dredging program. A single bid, from Dutra Dredging Company, was received on August 26, 1999. The Bid Summary is attached showing the bid amount of $6,757,870. At the time of bid, staff was aware that dredging funds were not sufficient to award a contract for the entire quantity, and planned to contract for the first phase of dredging work.

The scope of Construction Contract No. 2662 includes the required maintenance dredging at Pier 92, Pier 35 East Widening, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 35 East, Pier 35 West, Pier 90, Pier 80 and other similar sites. This contract includes provisions for the new dredging requirements noted in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office. The maintenance dredging work includes contractor mobilization, demobilization, surveying, dredging, and dredge materials and debris transportation and disposal.

This Print Covers Calendar Item No. 7A

Staff recommends that the Commission authorize the award of the contract to Dutra Dredging Company for the initial amount of $3,300,000 for dredging at Pier 92, Pier 35 East Widening and other sites as determined by staff and prioritized by business needs. This initial contract amount is based upon the same unit price/s contained in the contractor's bid for the entire contract scope. Staff requests authorization to modify the contract as additional funding becomes available to include dredging at the remaining other sites as prioritized by business needs up to a maximum amount of $6,757,870.

Staff recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-75

WHEREAS, the Port requires maintenance dredging for Pier 92, Pier 35 East Widening, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 35 East, Pier 35 West, Pier 90, Pier 80 and other similar sites; and

WHEREAS, the Port Commission authorized the advertisement of bidding for Contract 2662 for maintenance dredging at its regular meeting on July 27, 1999; and

WHEREAS, the estimated scope of work for the entire contract provides for the removal of 547,700 cubic yards of dredge material; and

WHEREAS, the required dredging work includes provisions for the new dredging requirements noted in the Long Term Management Strategy for the Bay developed by the Dredging Material Management Office; and

WHEREAS, the Port received a single bid on August 24, 1999 from Dutra Dredging Company for $6,757,870; and

WHEREAS, at the time of bid, staff was aware that dredging funds were not sufficient to award a contract for the entire quantity, and planned to contract for the first phase of dredging work; now therefore be it

RESOLVED, that the Port Commission hereby authorizes the award of Contract No. 2662 to Dutra Dredging Company in the initial sum of $3,300,000 for dredging at Pier 92 and Pier 35 East Widening and other sites as determined by staff and prioritized by business needs based upon the same unit price/s stated in the contractor's bid for the entire scope of work; and be it further

RESOLVED, that the Port Commission hereby authorizes Port Staff to modify the contract to include dredging at the remaining other sites as determined by staff and prioritized by business needs up to a maximum amount of $6,757,870; and be it further

RESOLVED, that the Port Commission authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 21, 1999.

Secretary

i:\Cliff\Commission\2662-COMMAWD

BID SUMMARY
PORT OF SAN FRANCISCO

Project:	Maintenance Dredging		
Contract N	2662	**Project Engineer:**	Ed Byrne
		Bids Opened:	26-Aug-99

Bidder Name	Dutra Dredging Company
Address	1000 Point San Pedro Road
City, State, Zip	San Rafael, CA 94901
Phone #	415- 721 - 2138

Bid Item No.	Description	Estimated Quantity	Unit /LS Price	Total
LS-1	Mobilization			**$60,000.00**
UP-1	Dredging of suitable material, CUBIC YARDS	**497,700**	**$5.80**	**$2,886,660.00**
UP-2	Dredging of unsuitable materials, CUBIC YARDS	**50,000**	**$5.80**	**$290,000.00**
UP-3	Transportation and disposal at Alcatraz, CUBIC YARDS	**472,700**	**$2.30**	**$1,087,210.00**
UP-4	Transportation and disposal at Ocean Site, CUBIC YARDS	**25,000**	**$15.00**	**$375,000.00**
UP-5	Transportation and disposal at Winters Island Site, CUBIC YARDS	**15,000**	**$40.00**	**$600,000.00**
UP-6	Transportation and disposal at Pier 94-96, CUBIC YARDS	**10,000**	**$43.00**	**$430,000.00**
UP-7	Transportation and disposal at Port of Oakland, Berth 10, CUBIC YARDS	**25,000**	**$41.00**	**$1,025,000.00**
UP-8	Transportation and disposal of solid debris to a suitable disposal site, CUBIC YARDS	**20**	**$200.00**	**$4,000.00**
	SUBTOTAL UNIT ITEM BID PRICE (Summation of UP Bid Items 1 – 8)			**$6,697,870.00**
	SUBTOTAL LUMP SUM BID PRICE (Summation of LS Bid Items)			**$60,000.00**
	TOTAL BASE BID (Summation of UP and LS Bid Items)			**$6,757,870.00**

G:\project\dredging\2662\Bid Summary 2662

BID SUMMARY-Required Forms
PORT OF SAN FRANCISCO

Date:8/26/99
Page 1 of 1

Project: Maintenance Dredging
Contract No.: 2662 **Project Engineer:** Ed Byrne
Bids Opened: Thursday, August 26, 1999, 2:00 P.M.

Bidder Name	Dutra Dredging Company
Address	1000 PT San Pedro Road
City, State, Zip	San Rafael, CA 94901
Phone #	415- 458-5466

Required Forms	Document #	Yes (Y)	No (N)
Executed Bid Form	00400	Y	
Schedule of Bid Prices	00410	Y	
Non-Collusion Affidavit	480	Y	
Bid Security equal to 10% of the Bid	430	Y	
Acknowledgment of Receipt of Addenda	432	Y	
Subcontractor List	435	Y	
Certificate of Bidder Regarding Apprenticeship Training Prog	465	Y	
Highest General Prevailing Rate Certification	460	Y	
HRC Form 1	455/HRC1	Y	
HRC Form 2A	455/HRC2A	Y	
HRC Form 2B	455/HRC2B	Y	
Certificate of Bidder Regarding Nondiscrimination in Contrac	470	Y	
Bidder's Qualification Statement	450	Y	
Bidder's Experience Statement	451	Y	
Business Tax Reg Declaration	454	Y	
First Source Hiring Program Certification	457	Y	
Cert of Bidder Regarding Debarment and Suspension	482	Y	
Deemed Responsive by Engin & HRC (Y/N) ?			

Total Bid →		from other page	
PREFERENCES (as applicable):			
MBE	10%	($)	n/a
WBE	10%	($)	n/a
LBE	5%	($)	n/a
JV	5%	($)	n/a
JV	7.5%	($)	n/a
JV	10%	($)	n/a
Adjusted Bid →			n/a

**: Not Complete
n/a : Not Applicable
G \projects\dredging\2655\bid-summary.wk4

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
www.sfport.com

MEMORANDUM

September 15, 1999

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Brian McWilliams
Hon. Pius Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Issue a Request for Proposals for the Development and Lease of Piers 27-31 for a Mixed-Use Recreation Project (Resolution No. 99-72)

DIRECTOR'S RECOMMENDATION: AUTHORIZE ISSUANCE OF REQUEST FOR PROPOSALS

This staff report provides background information regarding the proposed development of a mixed-use recreation project on Piers 27-31, and it includes the recommendation that the Port Commission authorize staff to issue a Request for Proposals ("RFP") for this development opportunity.

BACKGROUND

Piers 27-31 are located on the Northeast Waterfront fronting on The Embarcadero at Battery and Sansome Streets. The Pier 27-31 complex, which includes Piers 27, 29, 29 ½ and 31 ("Site") is approximately 19 acres in size, and the four large pier sheds and two annex buildings situated on the Site contain approximately 501,000 sq. ft. (The Site is shown on the attached Exhibit A.)

Port Commission Actions

The Port Commission has had a number of hearings and has taken the following series of actions regarding the Site:

This Print Covers Calendar Item No. **8A**

- On October 27, 1998, after considering alternative locations for a new cruise terminal which included Pier 27-29, the Port Commission by Resolution 98-108 selected Pier 30-32 as the preferred location for the development of the James R. Herman Cruise Ship Terminal. The Port Commission also authorized and directed Port staff to form an advisory group pursuant to the Waterfront Land Use Plan ("Waterfront Plan") and to prepare a request for proposals for a mixed-use development at Piers 30-32 and Seawall Lot 330 that includes the new James R. Herman Cruise Terminal. Following an advisory group process, the Port Commission on May 25, 1999 by Resolution 99-36 authorized the issuance of a request for qualifications and proposals for Piers 30-32 and Seawall 330, and on August 24, 1999 by Resolution 99-68 invited three respondents to the request for qualifications phase to also submit proposals.

- On March 23, 1999, after a review process to determine whether Pier 27-29 is still viable for exclusive maritime activities, the Port Commission by Resolution No. 99-03 determined that: (1) the Pier 27 and 29 shed buildings are surplus to the cargo and maritime industrial needs of the Port; (2) the berth at Pier 27 is not surplus to the maritime needs of the Port; and (3) any future redevelopment of Pier 27 must be compatible with berthing at Pier 27, with the exception of industrial lay berthing which has operational requirements that are not compatible with public access and commercial uses.

- On April 27, 1999, the Port Commission by Resolution 99-25 directed Port staff to commence the process prescribed in the Waterfront Plan, which includes the formation of an advisory group to provide input and guidance to Port staff, for preparing a RFP for a mixed-use Active Recreation development with ancillary uses at Piers 27-29, and to consider the inclusion of Piers 29 ½, 31 and 31 ½ in this RFP.

Northeast Waterfront Advisory Group

On May 25, 1999, Port staff made an informational presentation to the Port Commission regarding the formation of the Northeast Waterfront Advisory Group to provide Port staff with input and guidance on this RFP. The first meeting of this advisory group was held on June 3, 1999, and was followed by a series of eight additional meeting, which concluded on August 12, 1999. This advisory group was made up of nineteen members representing a wide variety of stakeholder groups with interest in the proposed development. A list of the Northeast Waterfront Advisory Group members is attached as Exhibit B.

At its August 12, 1999 meeting, the Northeast Waterfront Advisory Group reached a consensus on the Mission Statement and Development Concept to be included in an RFP for a mixed-use recreation project on Piers 29-31. The advisory group agreed that this RFP should include Piers 29 ½ and 31, but not Pier 31 ½. While this Mission Statement and Development Agreement is based upon the Waterfront Plan and the Design and Access Element of the Waterfront Plan, the policies, objectives and standards set forth in those documents were expanded by the advisory group to reflect additional analysis specific to the Site and its prospective development program. The Northeast Waterfront Advisory Group and Port staff concur with the Mission Statement and the Development Concept recommended by the Northeast Waterfront Advisory Group, which is presented below.

It should be noted that, as a result of the Advisory Group review process and recommendations, certain aspects of the Development Concept proposed for the RFP do not conform with the current policies of the Waterfront Plan, which are also specified below. It should be further noted that a few members of the advisory group expressed that the Design Objective relating to historic preservation should be stronger, perhaps requiring that the buildings on the Site be listed on the National Register of Historic Places, and that the Piers 29 and 31 shed buildings (not just the bulkhead buildings) must be rehabilitated consistent with the Secretary's Standards. This was not, however, the view of most members of the advisory group or of Port staff.

MISSION STATEMENT

The goal of this development is to create a unique and inviting waterfront mixed-use recreation Project, integrating a varied mix of maritime and commercial uses and open space, including a major public plaza, oriented around active recreational pursuits. This mixed-use recreation Project will provide a venue for all San Franciscans and Bay Area residents to actively participate, individually or as groups, in diverse amateur recreational sports, physical fitness and related activities while enjoying the Project's scenic waterfront setting. The major public plaza and the other open spaces included in the Project will create opportunities for engaging in and viewing active recreational activities while enjoying expansive Bay views. New opportunities for recreational boating and other water uses will be created and maritime berthing compatible with the adjacent new uses at Pier 27 will continue.

The Project will have a quality design that is authentic to the rich historic maritime industrial character of the Northeast Waterfront. The Project will be designed to respect this character, to create a focal point for new activity on the Northeast Waterfront, and to maximize public access to and enjoyment of the Project's spectacular waterfront setting.

This mixed-use recreation Project will meet all of the Goals of the Waterfront Plan, namely:

- Reuniting the City with the Waterfront.
- A Working Waterfront – by meeting needs of recreational boating, ferry and excursion services, and other water-dependent activities.
- A Revitalized Port – by providing new jobs, revenues, and public benefits to the Port, the City and the State.
- A Diversity of Activities and People – by providing a diverse and exciting array of maritime, commercial, open space, recreation and other waterfront activities for all San Franciscans and visitors to enjoy.
- Access To and Along the Waterfront – by providing a network of parks, plazas, walkways, open spaces and integrated transportation improvements, to improve access to and enhance the enjoyment and appreciation of the Bay environment.
- An Evolving Waterfront, Mindful of its Past and Future – by making improvements that respect and enhance the waterfront's historic character, while creating new opportunities for San Franciscans to integrate Port activities into their daily lives.

- Urban Design Worthy of the Waterfront Setting – by designing improvements of exemplary quality, which highlight visual and physical access to and from the Bay, while respecting the waterfront's historic context and the character of neighboring development.

- Economic Access that Reflects the Diversity of San Francisco – by creating commercial uses that are accessible to persons of both sexes and from a representative variety of ethnic and cultural backgrounds, so that persons receiving these economic opportunities reflect the diversity of the City of San Francisco.

DEVELOPMENT CONCEPT

Planning Objectives

1. Create a mixed-use recreation Project with an integrated mix of maritime, commercial, open space and public access uses, which help to unite the waterfront with the rest of the City.

2. Provide publicly-oriented commercial recreation uses that appeal to residents of the City and the Bay Area. Include recreational boating, excursion boats, water taxis, historic and ceremonial ship berthing and other maritime uses to the maximum feasible extent.

3. Provide a mix of uses that reflect the cultural diversity of the City and the Bay Area, and appeal to the local and regional population, thereby providing entertainment and commercial recreation venues distinctly different from the more tourist-oriented activities found at Fisherman's Wharf.

4. Provide uses that respond to the needs and interests of the diverse cultural community of the City and the Bay Area, especially seniors, children, people with disabilities and other groups with special needs. Provide a mix of recreational uses that appeal to a variety of age groups and are accessible to people of different income levels in the City and the Bay Area.

5. Activate the Northeast Waterfront with an array of uses which establish a daytime and nighttime presence, but are not primarily tourist-oriented.

6. Provide a venue for amateur individual and group recreational activities. Provide appropriately-designed facilities to support recreational and sports-related activities. Provide services to support personal fitness, individual sports and amateur athletes, and provide ancillary facilities for tournaments, meets, public gatherings, etc.

7. Provide facilities for a wide variety of active recreational activities. Facilities for skateboarders and rollerbladers and for swimming and related aquatic sports are encouraged.

8. Maximize use of the Pier 27 berth for temporary maritime berthing compatible with active recreation and open space uses, such as ceremonial berthing, water transportation (including ferries and water taxis), and excursion boats.

9. Provide pay-as-you go and drop-in use of facilities to the maximum extent feasible. Clubs with exclusive memberships (i.e., members must be voted in) are not allowed. Clubs that charge membership fees are allowed as a component of the Project, but pay-as-you go use of

such facilities or other measures to allow occasional club use must be offered to the maximum feasible extent. Provision of activities that are free and open to the public is encouraged.

10. Arrange and design uses on the Site to maximize public appreciation and enjoyment of the waterfront setting by offering new viewing opportunities, and to maximize visual connections and physical contact with the water.

11. Promote the use of public transit as a primary mode of transportation. Minimize on-Site parking, and maximize use of new and existing off-Site parking facilities, consistent with the needs of a mixed-use recreation project, by implementing the following:

    (a) Establish shared parking with nearby parking facilities, and with non-Port parking operations in adjacent areas, which are conveniently located to serve daytime, evening and weekend activities at the Site.

    (b) Promote improvements to both public and private transit to the Site by providing shuttle service between the Site and parking facilities as well as downtown, by participating in any water transportation services that the Port may provide or promote in the future, and by coordinating with MUNI to improve transit service to the Site.

    (c) Limit on-Site parking facilities to short-term parking.

    (d) Promote ride-sharing and the use of public transit through the sale of transit passes, provision of van pool/car pool parking spaces, and joint promotional campaigns with transit providers.

    (e) Provide parking information and signage systems to direct visitors to public transit stops and to nearby underutilized parking locations.

    (f) Implement a Transportation Demand Management Program to reduce the number of private automobile trips to the Site and to bring about an overall reduction in automobile dependency through education, assistance and incentives.

Open Space Objectives

In the following Open Space Objectives, "open space" is defined as any interior or exterior space that is open to the public. It is not limited to only space that is open to the sky.

The Site should have a variety of open spaces that attract visitors to the waterfront and enable visitors to benefit from the activity and interest the proposed Project provides. These open spaces should include the "Northeast Plaza" to be located adjacent to The Embarcadero on Pier 27, which should be designed to function as a major open space resource for residents and workers of San Francisco as well as the region. The Northeast Plaza should connect the valley area between the sheds on Piers 27 - 29 and the perimeter pier aprons. The east end of Piers 27 - 29 should offer a major open space that is inviting and takes full advantage of the spectacular views afforded by the great reach of these piers into the Bay. These open spaces must meet the following objectives:

1. Open Space Network - Provide a network of lively, usable open spaces, ranging from intimate to large-scale. These open spaces should be oriented to on-Site and on-Bay recreational activities, both active and passive, and provide Bay vistas. Direct access to the water should be provided. This open space network should comprise 35% or more of the Site.

2. Views - Provide vistas from The Embarcadero across the Northeast Plaza to the Bay. Remove a portion of the Pier 27 shed fronting on The Embarcadero to open up views from The Embarcadero/Lombard/Battery intersection. Provide open spaces on all pier aprons to provide both circulation and views of the Bay and the City, recognizing that maritime berthing activities may interrupt views. Provide an inviting open space at the end of Piers 27 – 29, taking full advantage of its great extension into the Bay.

3. Orientation - Orient new development on Piers 27 – 31 toward The Embarcadero. Acknowledge the terminus of Lombard Street with a framed view of the Bay, or with a prominent architectural or sculptural element that adds to the identity of the Northeast Plaza.

4. Transparency - Enhance connections between indoor and outdoor spaces by maximizing the transparency of building walls. Provide views into and through the ground floor, consistent with the architectural character and use of the sheds.

5. Circulation - Create pedestrian passageways through and between buildings, linking the Northeast Plaza, open spaces in the valley of Piers 27 - 29, interior public walkway open spaces, and perimeter open spaces around Piers 27 – 31. Make connections from the Northeast Plaza and open spaces throughout the Site. Locate vehicular and service access to the Site outside of the Northeast Plaza, except as needed to service vessels berthed along the pier aprons, recognizing that maritime berthing may interrupt circulation.

6. Design Quality - The design of the Northeast Plaza and other open spaces should be authentic to the maritime industrial character of the waterfront. Strong and bold materials should be used to make the open spaces compatible with the scale and character of the sheds and bulkhead buildings. Consider minor grade changes to create a transition from Herb Caen Way to the Northeast Plaza and open spaces in the valley of Piers 27 – 29 as a means of adding interest and accommodating different activities.

7. Interaction Between Commercial Uses And Open Space - Allow adjacent commercial uses (e.g., active uses such as shops, cafes, boat and skate rentals) to spill into and activate the Northeast Plaza and other open spaces, providing interest and enjoyment for users. These uses should not hinder public access to the open spaces. (Levi's Plaza, located between Battery and Sansome Streets, is an example of the scale, urban character and interaction with surrounding uses sought for the Northeast Plaza.)

   The Northeast Plaza and other open spaces should include opportunities for both passive and active recreation. Active recreational uses should be particularly encouraged in the Northeast Plaza.

   Allow uses and elements consistent with open spaces including, but not limited to open space features (e.g., fountains, small amphitheater, sheltered areas for activities such as chess and

checkers, furnishings, public restrooms, public art, small kiosks, food carts and cafe seating) which are incidental to and enliven public recreation and enjoyment of the open spaces.

Allow periodic high-intensity uses and events in the Northeast Plaza and open spaces in the valley of Piers 27 – 29 that provide an authentic and very accessible destination for the public.

8. Microclimate Conditions - Design open spaces to maximize sun exposure, while also providing wind protection and noise buffering.

9. Design For Security - Design the Northeast Plaza and other open spaces to avoid concealed areas. Include adequate lighting for security and encourage visibility by integrating public open spaces with adjacent commercial uses.

10. Durability & Maintenance - Design open space areas for permanence, waterfront conditions and a high level of public use. These open spaces should be designed to be easily maintainable and a clearly-defined maintenance program and standards for all open spaces must be established.

Design Objectives

1. Meet the Port's design guidelines set forth in the Waterfront Plan's Waterfront Design and Access Element, as well as policies in the Northeastern Waterfront Plan and pertinent Elements of San Francisco's General Plan.

2. Seismically retrofit and rehabilitate the facilities on the Site to current fire, safety, and building code standards.

3. Design the development to reflect its unique waterfront location with building forms and detailing that express the maritime and industrial character of the Northeast Waterfront.

4. Design the architecture of the Project in a manner that is sensitive to and enhances the rich historic industrial maritime character embodied in significant Port structures along The Embarcadero and the nearby Northeast Waterfront Historic District.

5. Retain and reuse the historic bulkhead buildings at Piers 29 and 31, as well as the Pier 29 ½ connector building and the Pier 29 Annex Building, consistent with the Secretary of Interior Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings ("Secretary's Standards"). Rehabilitation of the Pier 29 and 31 sheds consistent with the Secretary's Standards is strongly encouraged. The Port is interested in listing these buildings on the National Register of Historic Places, either individually or as a potential historic district, and would expect the collaboration of the developer in such an effort.

6. Design new developments to complement and not detract from adjacent historic bulkhead buildings.

7. Design exterior signage to be compatible with the character of the Northeast Waterfront.

8. Preserve a building edge at or as near to The Embarcadero as possible where new structures are located in the valley of Piers 27 – 29. Use strong and bold building forms and detailing in

new structures to reinforce the large scale of the Piers 29 – 35 bulkhead buildings. Plant materials should be provided consistent with The Embarcadero's landscape treatments. Landscaping should be designed and located to acknowledge the Site being on a pier over open water. If new buildings are constructed in the valley of Piers 27 – 29, their massing and configuration should enhance the street wall provided by bulkhead buildings along The Embarcadero.

9. Arrange and design on-Site parking facilities so that they are either enclosed or otherwise screened from view from The Embarcadero and the Bay, and so that they do not interfere with open space areas.

10. Arrange and design vehicle access to the Site so that it does not generate significant new traffic congestion on The Embarcadero, or queuing along The Embarcadero.

11. Reflecting the Port's commitment to equal opportunity in public contracting, the selected developer will be required to demonstrate its good faith efforts to make contracting opportunities in connection with the design and development of the Project available to economically disadvantaged minority and women-owned businesses.

Financial Objectives

1. Consistent with the Planning, Open Space, and Design Objectives, maximize the Port's revenue from the Site over the lease term to help the Port meet its Public Trust objectives of supporting maritime industries, providing public-oriented activities, environmental and open space improvements on the waterfront, and maintaining Port facilities. The developer must:

   (a) Guarantee a fair market monthly base rent, taking into consideration the public benefits being provided as part of the Project.

   (b) Pay percentage rent to the Port calculated on the gross receipts of the Project.

   (c) Pay rent to the Port during the Project's construction.

   (d) Pay the Port a share of the net proceeds that the developer receives from the sale, refinance, or transfer of the leasehold.

   All rent must be net to the Port, with the developer being responsible for all operating expenses for the Project and the Site, including open spaces.

2. The developer will be required to make substantial capital improvements to the Site for the development of a mixed-use recreation Project, including seismic improvement to the substructure and structures of the piers, historic preservation, hazardous materials abatement, and open space amenities.

3. The developer will be required to assume all the financial risks of the development, construction, maintenance/repairs, and operation of the Project.

Required Uses

Recreational Enterprises
Recreational Boating & Water Use
Open Space
Public Access

Encouraged Uses

Temporary and Ceremonial Berthing
Water Taxis

Permitted Uses – Ancillary to Required and Encouraged Uses

Maritime Uses
Ferry and Excursion Boats
Historic Ships
Maritime Office
Maritime Support Services
Passenger Cruise Ships

Commercial
Assembly and Entertainment
General Office
Museums
Parking
Retail (including Restaurants)
Community Facilities
Visitor Services

Other Uses
Transportation Services (limited to those that serve the Project)

Uses Not Permitted

Maritime
Cargo Shipping
Fishing Industry
Ship Repair

Residential

Commercial
Artists/Designers
Hotels
Sports Facilities (Arenas and ballparks for professional sports teams)
Warehousing/ Storage
Wholesale Trade/ Promotion Center

Other Uses
Academic Institutions
General Industry
Power Plant

The above categories of uses include the uses indicated in the Glossary of Terms in the Port's Waterfront Land Use Plan.

It should be noted that certain aspects of the Development Concept indicated above, which were recommended by the Northeast Waterfront Advisory Group and are proposed for the RFP, do not conform with current policies of the Waterfront Plan, and the following amendments would therefore be required to the Waterfront Plan:

- Provisions allowing Recreational Enterprise, Assembly and Entertainment, Museum, Retail, or Open Space on Pier 31, and modifications to the Bay Street Pier Development Opportunity Area (Pier 31-35, SWL 314) to acknowledge the development of Pier 31 in conjunction with Piers 27-29 ½;

- Provisions allowing Ancillary Visitor Services, or Ancillary Transportation Services on Piers 27-29, 29 ½ and 31.

- Provisions clarifying that Recreational Boating and Water Uses are acceptable (while the Waterfront Plan indicates that maritime uses are expressly permitted at any location along the waterfront, such uses are not specifically indicated as acceptable uses for the Site).

If the Port selects a developer for the Pier 27-31 project responsive to this RFP, it is anticipated that amendments to the Waterfront Plan will be prepared as part of the project approval process.

KEY LEASE TERMS

Port staff proposes to include the following economic terms in the Key Lease Terms that the Port expects to receive from the Project:

1. Subordination – The Port's fee ownership and rental income stream will not be subordinated.

2. Premises – The developer will have exclusive use of the Site, except for open space areas and water areas, and subject to the objectives of this RFP. Use of open space areas will be non-exclusive, subject to public access requirements and the Open Space Objectives of this RFP. The developer will have exclusive berthing rights adjacent to the Piers 29 and 29 ½ aprons and the south apron of Pier 31. While the Port may grant the developer preferential berthing rights to the Pier 27 berth, the Port will retain berthing rights to the Pier 27 berth in order to ensure that its use is maximized.

3. Rent to the Port

   (a) Monthly Base Rent – Monthly Base Rent will be negotiated with Port staff based on the proposal submitted by the developer. The Port's expectation for the first year of stabilized

operation is annual Base Rent of at least $1,500,000.00. Respondents are encouraged to propose a higher Base Rent.

(b) Base Rent Adjustment – Periodic cost of living or other adjustments to the monthly Base Rent will be negotiated with Port staff based on the proposal submitted by the developer, but such adjustments shall not be less than annual cost of living increases.

(c) Percentage Rent – Percentage Rent calculated and paid monthly on the gross receipts generated on the Site will be negotiated with Port staff based on the proposal submitted by the developer. Monthly Percentage Rent will be offset by the amount of Base Rent paid. Percentage Rent should be structured to allow the Port to participate in future growth of gross receipts.

4. Term – The Port will agree to a lease term appropriate to the proposed rental schedule and structure, not to exceed 66 years in length. While the Port is willing to grant a lease term of up to 66 years, the Port would expect, in return for granting a longer lease term of 40 to 66 years, to receive increased participation in future growth of revenues generated on the Site. The Port's expectations for participation in future growth of revenues would be greater the longer the lease term granted. This participation could be through adjustments in base rent, percentage rental factors, and/or alternative structures which are based upon the growth in the gross revenues of the project. Simplicity of rental structure is preferred to a complicated participation structure.

5. Sale/Transfer/Refinancing - The Port expects to participate in the net proceeds that the developer receives from the sale, transfer or refinancing of the leasehold.

6. Improvements - All capital improvements to the Site shall be at the sole cost of the developer, except for the open space improvements to the Northeast Plaza. The Port will allow the developer to amortize the costs of the open space improvements to the Northeast Plaza against 50% of the Base Rent due the Port until fully amortized, but a maximum amortization period will be negotiated by Port staff. The Port expects that this amortization period will not extend beyond the first 2-3 years of the lease term.

7. Maintenance/Repairs – During the term of the Lease, the developer shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the Premises, including the non-exclusive areas.

The terms of the lease will be negotiated by Port staff based upon the terms proposed by the respondent and will be subject to final approval by the Port Commission and the Board of Supervisors.

SELECTION PROCESS

Port staff recommends a selection process consisting of the following steps:

1. Request for Proposals – Submittal of qualifications, development proposal, and financial proposal (which would be required to be accompanied with a $100,000.00 earnest money

deposit that would be refundable to all respondents except the one with whom the Port enters into exclusive negotiations).

2. Exclusive Right to Negotiate – Selection of a developer by the Port Commission and execution of an Exclusive Right to Negotiate Agreement, which would constitute an interim contract to be utilized during the initial project approval process while the development agreement and lease are being negotiated, due diligence investigations and preliminary design work are being done, and environmental review of the project is being conducted. The exclusive negotiation period would be for six months, with conditional options to extend.

3. Approval of Transaction - Upon completion of any required environmental review and finalization of negotiations by Port staff, the Port Commission could approve a development agreement, a lease and related documents. The lease would be subject to approval by the City of San Francisco Board of Supervisors.

Selection Criteria

Respondents must satisfy all of the selection criteria. The most important criteria will be the experience and the financial capacity and capability of the respondents. Other criteria, including how well the proposal meets the Planning, Open Space, Design and Financial Objectives and the Key Lease Terms, will be given equal consideration.

Schedule

If authorized, Port staff intends to publish the RFP in October, 1999, and the RFP would allow a response period of approximately 120 days.

RECOMMENDATION

Port staff recommends that the Port Commission authorize and direct staff to issue an RFP for the development and lease of the Site which incorporates the terms indicated above. Prior to issuing this RFP, Port staff plans to solicit comments from the staff of the San Francisco Planning Department, which may require some refinements in the RFP language.

Prepared by: Kirk Bennett
Manager, Waterfront Development Projects

PORT COMMISSION

CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 99-72

WHEREAS, Charter Section 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, Pursuant to the site specific process indicated in the Waterfront Land Use Plan for major development projects, Port staff convened the Northeast Waterfront Advisory Group to provide the Port with input and guidance on the development concept being considered for Piers 27-31½; and

WHEREAS, Port staff has received input and guidance from the Northeast Waterfront Advisory Group on the development concept for the development of Piers 27-31 with a mixed-use active recreation project; and

WHEREAS, The Port Commission now wishes to proceed with the solicitation of proposals for the development of Piers 27-31 with a mixed-use active recreation project; and

WHEREAS The Port is committed to diversity in the design and construction opportunities represented by this project; and

WHEREAS, The issuance of a RFP does not commit the Port to proceed with the project and the Port reserves the discretion as to whether to approve a lease or development agreement for the project until after environmental review has been completed in compliance with the California Environmental Quality Act (CEQA); and

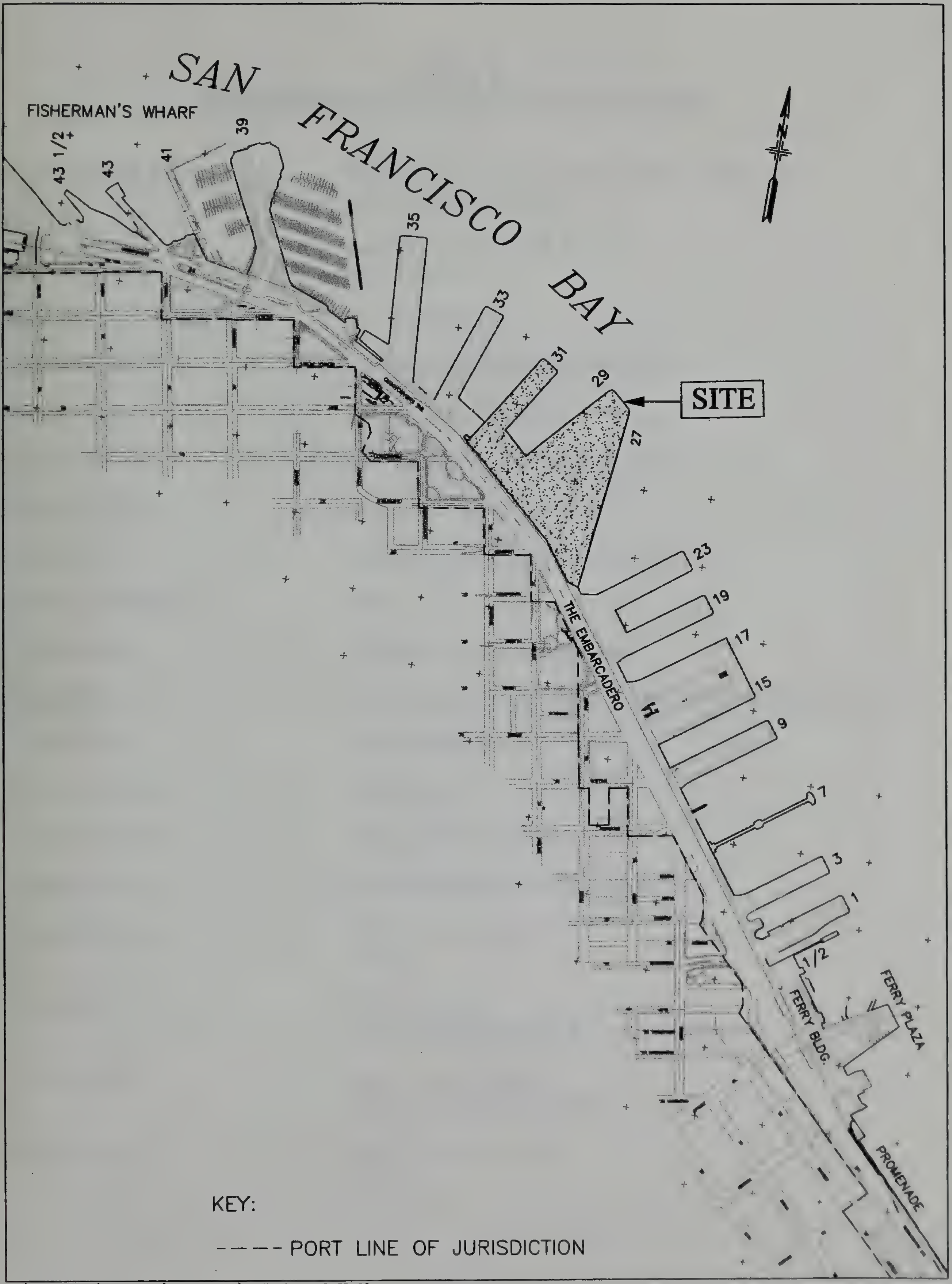
WHEREAS, The Port Commission requires competitive bidding of this opportunity; now therefore, be it

RESOLVED, That the Port Commission hereby authorizes and directs Port staff to issue a RFP to lease, develop and operate a mixed-use recreation project on Piers 27-31 in accordance with the terms set forth in the memorandum to the Port Commission for Item No. 8A of the Port Commission's September 21, 1999 meeting, a copy of which is on file with the Port Commission Secretary.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 21, 1999.

Secretary

I:\KIRK\PIERS 27-31 RFP ISSUANCE


SAN FRANCISCO BAY
FISHERMAN'S WHARF
43 1/2
43
41
39
35
33
31
29
27
SITE
23
19
17
15
9
7
3
1
1/2
THE EMBARCADERO
FERRY BLDG.
FERRY PLAZA
PROMENADE
N
KEY:
---- PORT LINE OF JURISDICTION

g:\property files\lease maps\cad-drawings\north piers 9-09-99

EXHIBIT A

EXIBIT B
NORTHEAST WATERFRONT ADVISORY GROUP

Anne Halsted, Chair	Former President, San Francisco Port Commission Former President, SPUR
Carlos Afre	You & Leisure Tours & Travel Pier 27 Annex
John Blum	101 Lombard
Gentle Blythe	Telegraph Hill Neighborhood Center
Jennifer Clary	San Francisco Tomorrow
Alex Corns	San Francisco Building Trades Council
Michael Franklin	General Manager, Levi Plaza
Jasmine Kaw	Chinatown Community Development Center
Rebecca Kohlstrand	SPUR
Toby Levine	Waterfront Plan Advisory Board
Eva Lieberman	Former member of the San Francisco Planning Department
Carrie Ludwig	Golden Gateway
Flicka McGurrin	Pier 23 Café
Leo McLaughlin	Telegraph Hill Dwellers
Stewart Morton	Russian Hill Improvement Association
Garrett O'Doherty	Pacific Marine Yachts Pier 39
Paul Stein	SKS Investment Francisco Bay Office Park
Kevin Westlye	Franciscan Restaurant Fisherman's Wharf Association
Joe Wyman	Hornblower Yachts, Inc. Pier 31½

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
SEPTEMBER 21, 1999

1. ROLL CALL

Commission President Denise McCarthy called the meeting to order at 4:22 p.m. Commissioners Denise McCarthy, Michael Hardeman, Brian McWilliams and Pius Lee were present. Commissioner Kimberly Brandon was not present.

2. APPROVAL OF MINUTES - September 14, 1999 Regular Meeting

ACTION: Commissioner Lee moved approval; Commissioner McWilliams seconded the motion. All of the Commissioners were in favor; the minutes of the September 14, 1999 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

- The Board of Supervisors is holding a hearing on September 22, 1999 and has invited Port staff to present its Chapter 12D implementation program.
- Fleet Week – October 8 through October 13. The Blue Angels will be arriving on October 7th. The Blue Angels air show will be held on Saturday and Sunday, October 9 and 10 from 3:30 to 4:15 p.m. On Friday, October 8 from 12:15 p.m. to 3:10 p.m., the Mayor will officially open Fleet Week and dedicate the new F-Line at Fisherman's Wharf at Taylor and Jefferson Street. The public is invited to attend the parade of ships on Saturday, October 9th.

4. CONSENT CALENDAR

A. Approval of a month-to-month lease with the United States Postal Service for a driver training facility at Pier 96. (Resolution No. 99-76)

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-76 was adopted.

B. Amendment to lease for Ferry Building with Ferry Building Investors, LLC regarding distribution of refinancing and sale proceeds. (Resolution No. 99-77)

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-77 was adopted.

5. MARITIME

6. REAL ESTATE

A. Approval of action by China Basin Ballpark Company LLC to authorize subtenant, Imperial Parking, to transfer a portion of the Premises at Seawall Lot 337 (located at the corner of Third Street and Terry Francois Blvd., south of China Basin Channel) for temporary tent-based entertainment use in February and March 2000 including parking related to the entertainment use for less than 1000 automobiles. (Resolution No. 99-73)

Mr. Paul Osmundson, Director of Planning & Development, indicated that CBBC entered into a lease for about 14.2 acres of land at SWL 337 to be used for parking for the new ballpark. The Port Commission approved the lease on September 9, 1997. The lease anticipated that CBBC would engage a parking lot operator and has chosen Imperial Parking as sublessee. The Commission approved the sublease between CBBC and Imperial Parking on July 28, 1998. Per that lease, CBBC is now requesting Port Commission approval authorizing a license agreement with Cirque Du Soliel to use the site for tent-based entertainment with accessory non-ballpark-related parking.

Under Section 21 of the lease, the Port retains the right to review and approve any and all transfers of an interest in the premises under the lease, which approval is not to be unreasonably withheld. Section 21 of the lease provides that the Port may condition its consent on requiring: (i) that the transfer agreement contains an indemnification and waiver identical to that set forth in the lease; and (ii) a clause requiring the Port and City to be named as additional insureds.

CBBC and Imperial recognize Port's right of consent to any and all transfers of the premises and have presented oral and written information requested by Port staff regarding the proposed transfer to Cirque.

Based on its review of these materials and representations from CBBC's staff, Port staff has determined that the transfer agreement to Cirque meets the Port's conditions (i) and (ii) described above requiring indemnities and insurance. CBBC and its subtenant, Imperial, have not been released from their respective obligations under the lease and sublease, including mitigation measures imposed as a condition of approval of the lease, to the extent applicable to the activities contemplated under the subject transfer agreement. The transfer agreement requires the transferee to provide certificate of insurance naming the City and the Port as additional insureds for coverage required under the transfer agreement in addition to insurance requirements imposed on CBBC and Imperial pursuant to the lease and sublease respectively. The increase in net operating revenue and financial benefit to the Port are enumerated in the staff report. The Office of Environmental Review has

reviewed the CEQA requirements. There are minor changes in the conditional material on indemnity, which is on file with the Commission Secretary.

Jack Bair, CBBC, commented that with the Commission's approval, they would proceed to wrap up their transactions with Cirque du Soliel.

Mary Macmillan, President of Westar Marine, indicated that they are great fans of Cirque du Soliel but are concerned about considerations being made for other tenants. Westar Marine is an operation that needs 24-hour access. She inquired if there will be any street closures that would impact their operation.

Mr. Osmundson replied that there would be no street closures and Cirque de Soliel's operation should have no significant impacts to adjacent Port tenants or other leases.

Corrine Woods, member of the Bayview Boat Club, Mission Creek Harbor Association and a stepmother of a Cirque du Soliel performer, indicated that when Cirque du Soliel was at 4th and Berry Streets several years ago, they have not encountered any problems. Traffic or parking was not an issue and they don't anticipate any problems at the proposed location. She concurred with Ms. Macmillan's comments i.e. the Port should ensure that the adjacent tenants would not be impeded by this activity. As a member of the ballpark Mission Bay Transportation Coordinating Committee, Ms. Woods indicated that this would be an opportunity to start looking at traffic flow in the area although it's at a lesser scale. She also noted that the stormwater drainage system would be installed prior to the Cirque du Soliel's operation

Commissioner McCarthy welcomed former Port Commission Anne Halsted to the meeting.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 99-73 was adopted.

B. Authorization for Executive Director to enter into a Consent and Acknowledgement Agreement with China Basin Ballpark Company LLC (CBBC) regarding a proposed Access Sublease between CBBC and the Redevelopment Agency pursuant to Port leases in the South Beach Marina area. (Resolution No. 99-74)

Mr. Paul Osmundson, Director of Planning & Development, indicated that this item relates to an area immediately adjacent to the ballpark. In 1984, the Port entered into an option to lease agreement with Redevelopment Agency giving the agency an option to lease property including property where the South Beach Park, South Beach Marina and the South Beach Marina parking lot exist which are located within the Rincon Point-South Beach Redevelopment Project area.

Under the option agreement, the agency exercised options to lease the above-mentioned properties, the agency has the right to enter into development and

occupancy subleases in order to implement the Redevelopment Plan and to set the maximum term of such subleases to be coincident with the maximum term of the Master Leases which expire on September 26, 2050.

In connection with the development of the new ballpark, the agency and CBBC entered into an Owner Participation Agreement. Under the OPA, the agency granted CBBC a non-exclusive easement over certain area adjacent to the ballpark comprised of the former Second Street right-of-way for the purpose of pedestrian and vehicular access, ingress and egress in connection with the uses permitted under the Ballpark Ground Lease. Under the Ballpark Lease, the Port consented to the agency's granting of such an easement and the Port also granted a non-exclusive easement to CBBC for the same purposes.

The Agency and CBBC propose to enter into an amendment to the OPA to terminate the non-exclusive easement over the Access Parcel and pursuant to the Master Leases to enter into a development sublease of a reconfigured access area adjacent to the ballpark.

Under the Access Sublease, CBBC is responsible for designing and constructing all of the improvements in the reconfigured access area. The design includes a turnaround for vehicles to drop off and pick up ferry patrons and a public walkway along the former Second Street right-of-way linking access from King Street to the public access areas in centerfield plaza, South Beach marina and the PortWalk along China Basin Channel. Also included is all associated paving, lighting, signage, landscaping, utilities and other improvements described in the Scope of Improvements. CBBC is responsible for all maintenance and repair of the improvements.

The Access Sublease allows CBBC to use the access area for service uses related to the permitted uses of the ballpark including access of trucks, emergency vehicles and other vehicles of CBBC, its contractors, invitees and other occupants of the ballpark; parking authorized vehicles during baseball home games and other events, etc. The parking could be used to support proposed restaurant uses within the ballpark Pavilion Building. Both the parking and special event uses provide an opportunity to collect revenue to enhance and maintain maritime and open space uses in the vicinity.

The financial terms regarding payment to the Agency are described in the staff report. The Sublease also grants the Port, upon advance notice, rights of reasonable access for the purpose of construction, repair, maintenance, replacement, servicing and loading at the ferry terminal.

In connection with the Access Sublease, CBBC wishes to enter into a Consent and Acknowledgement Agreement with the Port. Pursuant to the Consent Agreement: (a) the Port will approve the Sublease and the amendment to the OPA and modify the easement provisions of the ballpark lease in light of the sublease; and, (b) the Port would confirm and clarify the rights of CBBC under the Master Leases to non-disturbance of CBBC's leasehold estate under the Access Sublease; and (c) the Port

would agree to seek Board of Supervisors approval to amend the Ballpark Ground Lease or otherwise enter into a lease that extends beyond 2050 when the Master Lease with the Agency expires in 2063.

The Planning Department has analyzed this action and determined that it's covered in the ballpark EIR. Port staff made minor changes to the resolution, a copy was provided to the Commission, giving the Executive Director authority to execute all the amendments consistent with the directions contained in the staff report.

Commissioner McWilliams asked when the master lease would revert back to the Port, Ms. Neches replied it would revert back to the Port in 2050.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 99-74 was adopted.

7. FACILITIES & OPERATIONS

A. Authorization to award Contract No. 2662, "Maintenance Dredging" to Dutra Dredging, Inc. (Resolution No. 99-75)

Mr. Alex Lee, Director of Facilities & Operations, indicated that the Port Commission authorized the advertisement of Contract No. 2662 at its July 27, 1999 regular meeting. The contract provides for removal of 547,700 cu. yds. of dredge material through December 2000, as part of the Port's maintenance dredging program. A single bid from Dutra Dredging Company was received on August 26, 1999. The scope of work includes the required maintenance dredging at Pier 92, Pier 35 east widening, Fisherman's Wharf Inner Harbor, Pier 45 East, Pier 35 East, Pier 35 West, Pier 90, Pier 80 and other similar sites to support our maritime activities.

The maintenance dredging work includes contractor mobilization, demobilization, surveying, dredging, and dredge materials and debris transportation and disposal. This is a critical item for the Port. Recent changes in the dredging regulation would severely impact the Port's ability to maintain its maritime facility if dredging does not commence as soon as possible. Among the changes is the new addition of migratory fish species being listed as endangered under the Federal and State Endangered Species Act, as a result, dredging disposal at Alcatraz would be off-limit from January 1 to May 31. In addition, dredging is not allowed in December during the herring season. A long-term management plan to be adopted by the Dredge Material Management Office will limit the Port to 300,000 cu. yds of in-bay disposal at the Alcatraz site. If the Commission approves this contract, staff will direct the contractor to commence dredging at Pier 92.

Mr. Lee recommended award of the contract to Dutra Dredging Company for the initial amount of $3.3 million for dredging at Pier 92, Pier 32 East widening and other sites as determined by staff and prioritized by business needs. He requested Commission's approval to modify the contract as additional funding becomes

available to include dredging at the remaining sites up to a maximum amount of $6,757,870 and authorization for the Executive Director to accept the work upon completion.

Dan Senechal, Operating Engineers Local 3, indicated that they have had a good relationship with Dutra Company for over 30 years and have not had any major problems. Dutra is a qualified organization and they support award of this contract to Dutra.

Marina Secchitano, Inland Boatmen's Union, indicated that they have outstanding issues with Dutra. She reported on the positive outcome of their federal mediation meeting. At the meeting, they were able to get all the issues resolved and a written agreement was drawn. Ever since the meeting, however, they have had no luck in getting compliance. They were asked by Dutra's attorney to not speak negatively about the company and they were threatened with a lawsuit. They have a contract with Dutra but Dutra hired another company, a direct violation of their contract. She asked the Commission to table the item for two weeks so they can resolve their issues with Dutra.

Paul Simpson, representing Dutra, indicated that he is involved in resolving the issues identified by IBU. He directed Ms. Secchitano not to engage in further correspondence or dialog with the company because it is non-productive. Mr. Simpson has had ongoing discussions with IBU's attorney in Seattle and they have represented on behalf of Dutra that Dutra is in compliance and remains in compliance with the settlement agreement. There is a difference over the interpretation of the settlement agreement. Dutra is prepared to go back to the federal mediator who mediated the settlement between the IBU and Dutra. Any dispute that exists between the parties should be handled on the terms of the collective bargaining agreement. Dutra is party to collective bargaining agreement with the IBU through June 30, 2002. Traditionally, labor issues between parties could be handled through grievance arbitration procedures under the collective bargaining agreement. He requested the Commission to not delay the award of the project over a dispute of the interpretation of a document that IBU and Dutra acknowledges both sides are party to.

Roger Wilson, Dredging Agent for Operating Engineers Local 3, indicated that Dutra has worked with them for over 60 years. Delaying the work would keep 20-25 employees out of work. He indicated that this is not a proper place to address labor issues, as the Commission should not be voting on labor issues.

Bob Clark, Dutra Dredging Company, indicated that a few weeks ago he appeared before the Commission and informed the Commission of his intent to take the matter to a federal mediator. They met with the mediator and worked out a settlement agreement. The settlement agreement provided that they would furnish a deckhand to one of the master tug and tow vessels and would sign a labor agreement with IBU. They would pay to IBU a severance pay for the disposition of the boat. He also agreed to facilitate a meeting between the employers to recommend to the employers to recognize the long-term, historic jurisdiction of

both the IBU and longshoremen's union. They believe they are in compliance with the agreement. The money will be forwarded to IBU by this week. They are in the process of setting up the meeting with the employers. He does not believe that they have repudiated anything but worked hard to comply with the agreement. Mr. Clark assured the Commission that they will have this matter settled.

Ted Wright, Business Agent for the Operating Engineers in Fairfield, indicated that Dutra has been a good union contractor for the Operating Engineers. He urged the Commission to award the contract to Dutra.

Tom Commins, IBU representative, indicated that he attended the meeting with the federal mediator and there was no mention of a deckhand or any boat. The position is clear that Dutra would require the subcontractor to hire IBU employees. IBU has jurisdiction. They would like to have an agreement with Dutra and would like Dutra to recognize what they promised to recognize. Mr. Clark is a former employee of Local 3 and they have a pattern on how they behave on the expense of IBU, who has historical jurisdiction with the company. Mr. Clark promises things but does not deliver.

Commissioner McWilliams indicated that there are concerns about Dutra's ability to perform the work for the Port unencumbered of any work stoppages which would affect not just the Port but San Francisco. Because of that, Dutra was asked to meet with a mediator and IBU who has a collective bargaining agreement with Dutra. A resolution was brought back to the Commission. He was distressed to hear that the resolution has not panned out. He is concerned for the Port. He asked for a continuance of the item until the issues are resolved and until it is clear to the Commission that there will not be any disruption of labor on the waterfront. The operating engineers have definitely had a relation with Dutra. The jurisdiction of operating engineers is not necessarily the same as IBU. Both IBU and the operating engineers have worked closely together on Dutra jobs for 60 years. This is not an issue between two different labor organizations. It is an issue between Dutra and labor that would affect the waterfront. He wanted the parties to meet and resolve the issues before he can vote on implementation of the resolution.

Commissioner Lee inquired about the check that Dutra promised to pay IBU. Mr. Clark indicated that they entered into a settlement agreement before the federal mediator. They believe they are in compliance with the agreement. They signed an agreement with IBU, which has a no-strike provision. There can be no pickets at the Port under that agreement. He promised to settle this matter so that the project is not delayed.

Commissioner McCarthy indicated that the Port has a deadline for dredging. There will be serious consequences if the Port does not go forward with the award of the contract. The contract was put out to bid and staff only received one bidder. This is a labor issue that has been going on since 1997. She realized that it has been somewhat useful for both parties to use the Commission as a wedge but does not see it as a proper venue.

Commissioner Hardeman indicated that regardless of who came back with the victory, the Commission is obligated to vote. It is not up to the Commission to decide who should get the award. If it is in the mediation process, the mediators still has jurisdiction over it. It is unfair to say that he favors the operating engineers over the IBU, as it is not the case. He was prepared to vote at the last meeting after the parties met with a federal mediator. The Port Commission made a commitment to the only bidder that if he met with the mediator, regardless of the results, the item will be brought back to the Commission for a vote.

Commissioner McWilliams moved approval to continue the item to the next meeting. The motion died without a second.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. Three of the Commissioners were in favor; Commissioner McWilliams cast the dissenting vote. Resolution No. 99-75 was adopted.

8. PLANNING & DEVELOPMENT

A. Authorization to Issue a Request for Proposals for the Development and Lease of Piers 27-31 for a Mixed-Use Recreation Project. (Resolution No. 99-72)

Mr. Kirk Bennett, Waterfront Development Project Manager, requested the Commission's authorization to issue an RFP for the development and lease of Piers 27-31 for a mixed-use recreation project.

On April 27, 1999, the Port Commission directed Port staff to commence the process prescribed in the Waterfront Plan to prepare an RFP for a mixed-use active recreation development with ancillary uses at Piers 27-29 and to consider the inclusion of Piers 29-½, 31 and 31-½ in the RFP. This process included the formation of an advisory group to provide Port staff input and guidance on the formulation of the development concept to be included in the RFP. Following that direction, Port staff formed the Northeast Waterfront Advisory Group, which held meetings from June to August. The advisory group comprised of 19 members representing a wide variety of stakeholder groups with interest in the proposed development. He acknowledged that it was a very committed advisory group who attended almost all of the meetings. He thanked all of the committee members for their time and efforts. He acknowledged Anne Halsted, Jennifer Clary and Stewart Morton.

The advisory group reached consensus on the following broad range of issues and Port staff agreed with the advisory group's input:

1. The mixed-use recreation project should include both active and passive recreation uses.
2. The project should encompass Piers 27-31 but not 31-½.
3. They reached agreement on a Mission Statement.
4. They reached agreement on a development concept listing the objectives and the uses.

Mr. Bennett indicated that the goal of the development is to create a unique and inviting waterfront mixed-use recreation project, integrating a varied mix of maritime and commercial uses and open space, including a major public plaza, oriented around active recreational pursuits. This mixed-use recreation project will provide a venue for all San Franciscans and Bay area residents to actively participate, individually or as groups, in diverse amateur recreational sports, physical fitness and related activities while enjoying the Project's scenic waterfront setting. The major public plaza and the other open spaces included in the project will create opportunities for engaging in and viewing active recreational activities while enjoying expansive bay views. New opportunities for recreational boating and other water uses will be created and maritime berthing compatible with the adjacent new uses at Pier 27 will continue.

The project will have a quality design that is authentic to the rich historic maritime industrial character of the Northeast Waterfront. The project will be designed to respect this character, to create a focal point for new activity on the Northeast Waterfront, and to maximize public access to and enjoyment of the project's spectacular waterfront setting.

The mixed-use recreation project met all of the Waterfront Plan goals such as reuniting the City with the waterfront; providing a diverse and exciting array of maritime, commercial, open space, recreation and other waterfront activities for all San Franciscans and visitors to enjoy.

The development concept consists of the following objectives: planning, open space, design and financial objectives. The development concept has four sets of uses: required uses, encouraged uses, permitted uses ancillary to required and encouraged uses and uses not permitted.

Unique to the RFP is a separate set of objectives regarding open space. Although open space is included in all the projects on the waterfront, the advisory group believed that this is a unique opportunity to create a major public plaza, to link the public plaza with a network of open spaces on the pier and to integrate the open space and the use with both active and passive recreational uses.

The objectives and uses are based upon the Waterfront Plan but were expanded to reflect the visual analysis specific to the site and to the prospective development program. As a result, there are certain aspects of this development concept which do not conform to the current policies of the Waterfront Plan and it is anticipated that the required amendments will be prepared as a part of the project approval process.

While there are strong historic preservation design objectives, a few of the advisory group members expressed a desire for stronger historic preservation objectives but that was not the view of the majority of the advisory group. It was a very productive and cooperative process. The advisory group and Port staff worked well together in the development of the objectives and the uses. Port staff concurs with

the development concept.

The financial objectives outlined the basic general financial principles supported by the advisory group to be balanced with the other objectives in the RFP. The advisory group and Port staff believed that Port staff should make more specific recommendations.

Port staff proposes the key lease terms noted on the staff report, which are consistent with the financial objectives but more specific than the financial objectives. Some are indicated as absolute requirements and others are indicated as expectations of the Port. The actual terms of the lease will be negotiated by Port staff based upon these expectations, requirements and proposal of the selected respondent. The final lease terms will be subject to approval of the Port Commission.

Port staff proposed a single request for proposals rather than request for qualifications and proposals. There will be a requirement of $100,000 deposit refundable to those respondents not selected for exclusive negotiations. Respondents must satisfy all of the selection criteria. The most important criteria will be the experience and the financial capacity and capability of the respondents. Other criteria, including how well the proposal meets the Planning, Open space, Design and Financial Objectives and the Key Lease Terms will be given equal consideration. Port staff intends to publish the RFP in October 1999 and the RFP would allow a response period of approximately 120 days.

Marc Holmes, Save San Francisco Bay Association, indicated that Save San Francisco Bay and BCDC have been involved in negotiations with the Port over the past two years regarding the Waterfront Plan that would extend from Pier 43-½ to China Basin. The purpose of those negotiations is to achieve agreement on what would be allowable development and what kind of public access would be required in association with those developments and what kind of pier removal would be required in association for those developments. The reason that these negotiations were deemed necessary by the Port, Save San Francisco and BCDC is because under McAteer-Petris Act, Port development that is not water-oriented in nature may only occur under very specific conditions. Those conditions are essentially that a certain amount of pier removal occur in association with any non-water oriented development and that maximum, feasible public access occur in association with that same development. There has been a great deal of contentiousness between BCDC and the Port over a number of years over the interpretation of this law and the negotiations or establish or promote an amicable resolution of those disagreements. One of the key locations and one of the key facilities involved in those negotiations is Pier 27-29 area. There is a major waterfront public park that is the subject of discussion and all parties agreed that it should occur at this location. Some very specific requests were made by BCDC and Save the Bay about the nature of that park. Provisions that exist in the RFP directly contradict the request made by BCDC and Save the Bay Association. The Port may find itself in a position of distributing an RFP that asks for things that directly contradict what BCDC has already asked for and face the prospect once this application goes to a

permit process to BCDC having them be compelled to deny the permit because of that. He pointed out that the two provisions are the provisions for public access adjacent to Embarcadero, which on the RFP are described in general terms and the proposals made by BCDC in very specific terms. On page 7 of the staff report, the last item which states... "Preserve a building edge at or as near to the Embarcadero as possible where new structures are located in the valley of Piers 27-29." This is precisely the opposite of what BCDC has requested. BCDC has requested that no buildings occur at the Embarcadero between Piers 27 and 29. He hoped that these kinds of discrepancies could be negotiated and resolved before these comes to a potential conflict at application time before whichever developer is selected by the Port.

Jennifer Clary, San Francisco Tomorrow, thanked staff and the Commission for allowing her to serve on the Northeast Waterfront Advisory Committee. She asked that the meetings continue, as a lot of work needs to be done in the northeast waterfront such as the transportation management plan, public market's future, BCDC Special Area Plan to name a few. When the Port authorized funds for the BCDC Special Area Plan, it was with the proviso that it be adopted in January. The January deadline will be tough to meet since the plan has not been released for public comment. She asked for the plan's status and its release to the public. Because the advisory committees are not publicly noticed, she noted that it is important to keep them regular so that when the public has an interest, they are able to participate. This process occurs on other parts of the waterfront. Ms. Clary noted that the recommendations of the advisory group are decent but before the RFP can be acted on, there's still a lot to be done.

Anne Halsted, Chair of the Northeast Waterfront Advisory Board, indicated that it was a good committee. People worked well together; there were a lot of diverse opinions. In general, it was a consensus-built recommendation. There were concerns among some committee members that there were too many recommendations. Participants did seem to look beyond their individual interest and looked to the larger interest of the City. They gave serious consideration to create a feasible project notwithstanding some of the unresolved issues but looking at both the aesthetics, the uses and finances, there was a full acknowledgement of the need to make it feasible.

Marc Holmes mentioned one of the more complex issues, which is open space. The advisory group looked at that issue very carefully. A number of the committee members spent more time on that particular issue than any other. She hoped that those ideas that were achieved through this process might somehow be integrated in the ongoing negotiations. The Rec & Park Dept. has just completed assessment of their facilities to determine their needs but was not released until last week so the advisory group did not get a chance to review it. She, however, got a chance to see the report last week and it mentioned that there were many unmet needs that Rec & Park Dept. would not be able to meet for the City of San Francisco. Rec & Park is looking to lands along the Embarcadero to provide facilities particularly for parts of the population that are not getting the facilities they need. They included the kind of active recreation that is being discussed for Piers 27-31, although it was not laid

out in detail but acknowledged the need for it. She agreed with Jennifer Clary to have a regular meeting. All of the advisory members appreciated being asked for their advice and appreciates if the Port Commission would seriously look at their input. They did not choose to go beyond what their charter was i.e. to look at this specific project. They did not look specifically at the special area plan and what needed to be done. They did not look at the idea of special historic district as something that is within their purview. They left those things for Port staff to work on further.

Aaron Peskin, Telegraph Hill Dwellers, thanked the Commission for allowing them to have a voice on the committee. He echoed Jennifer Clary's comments. His comments transcends Pier 27/29, in particular, to the larger issue of development along the northeast waterfront and the need for comprehensive planning relative to transportation and parking. The Special Area Plan is something they look forward to reviewing and they look forward to staying involved in this project.

Commissioner McWilliams asked about the conflicting requirements that Mr. Holmes alluded to in his remarks. Mr. Paul Osmundson, Director of Planning & Development, replied that Mr. Holmes is right i.e. when a permit is sought by the Port and an applicant, BCDC staff will evaluate it in light of their regulations, policies and plans and to the extent that a proposal from a developer is in major conflict with their plans, it would make it difficult for BCDC staff to recommend approval of a permit. However, Port staff does not believe it would come to that. He believed that the processes that the Port is engaged in with BCDC and Save the Bay will result in an amendment to the BCDC Plan that is not inconsistent with the project that the developer would bring forward. As Anne Halsted mentioned, there was extensive work done by the advisory group and there are some strong open space advocates on the group. To the extent that there is a difference of opinion between the advisory group, the community and BCDC, Port staff intend to resolve it before seeking permit approval.

Commissioner McCarthy asked about an update of the BCDC Special Area Plan at the next meeting. Commissioner McCarthy thanked all of the committee members for their work and efforts on this project.

Anne Halsted clarified that there is indeed more than one developer interested on this project, contrary to the rumor that has been circulating in the community.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 99-72 was adopted.

9. FINANCE & ADMINISTRATION

10. NEW BUSINESS / PUBLIC COMMENT

Corinne Woods indicated that the Northeast Waterfront Advisory Committee, whatever the disagreements were, was a very effective forum for people to express their ideas on

what should happen with Piers 27/29. She concurred with Ms. Clary that meeting should be continued on an ongoing basis. The Port currently has a Pier 45 advisory group, Waterfront Design Advisory group, and a Southeast Waterfront Advisory group. The Southeast Waterfront covers Army Street and Western Pacific site south. There is a whole issue around the special area plan that everyone worked so very hard on to come to an agreement with BCDC, Save San Francisco Bay and the Port so we can move forward with these projects resolving the bigger questions of where, when and how. How things are going to tie together in terms of who is going to pay for open space, how much and where it is going to be. It is important that the public be involved in learning what's going on with the special area plan. Not only should the Northeast Waterfront Advisory Committee be continued but that the Central Waterfront which is not in the Special Area Plan. Things are happening in a very loose basis. There are a lot of interested neighborhood groups. Mission Bay is coming in the area and UCSF is breaking ground in October. The public is very interested in that part of the waterfront. The kayakers have even inquired where they can hang out. The Port Commission should ask staff to move forward and set up a Central Waterfront Advisory Committee.

A 600-bed homeless shelter was almost built on Pier 50 and Pier 70, in complete contravention of everything that the Port Commission wants to do. Only because the neighborhoods and tenants found out about it that the plans were dismantled. She asked for the Commission's assistance on parking and other developments. She also asked for the Commission's help with the maritime industrial plan. It is not fair to the Commission or to the public to have things done piecemeal.

Jim Haas, acting Chair of the Rincon South Beach CAC, indicated that the tracks between Folsom and Mission are being laid out so the service can be developed. His committee, the Fisherman's Wharf Association and others have lobbied for construction of that track; however, there are currently no plans for service on that line. There has been some resistance within the Muni community allowing service. The new general manager has a much fresher attitude and has indicated that if people would be more reasonable, something can be developed. His committee, the Fisherman's Wharf Association and others will schedule a meeting with Mr. Burns to discuss development of service along that line. Mr. Haas commented that we need to overcome resistance and come up with a scheme that would take people up and down the waterfront without having to drive. He will be in touch with Mr. Osmundson to discuss this matter further.

The meeting was adjourned at 5:45 p.m.

2